Foreign Affairs and International Trade Canada | Affaires étrangères et Commerce international Canada

Canada

# Department of Foreign Affairs and International Trade

# Departmental Performance Report 2006-2007

The Honourable David Emerson
Minister for International Trade

The Honourable Maxime Bernier
Minister of Foreign Affairs

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# Section I Departmental Overview

## 1.1 Ministers' Message

The Honourable David Emerson
Minister for International Trade

The Honourable Maxime Bernier
Minister of Foreign Affairs

It is our pleasure and privilege to present the 2006-2007 *Departmental Performance Report* of the Department of Foreign Affairs and International Trade.

It has been a year of many notable achievements for this department in its ongoing work to establish a stronger and more productive presence for Canada and Canadians internationally. Whether on the international political stage or in world markets, it is imperative for Canada to think and act in the most strategic manner possible, to focus on what we can do constructively to build security, peace and prosperity, and to set an example for the rest of the world.

High-level results generated by the department in 2006-2007 include the following:

**Foreign Affairs**

- As the whole-of-government lead on **Canada's Afghan mission**, the department contributed to stabilization and reconstruction efforts through the Canadian Embassy in Kabul and the Provincial Reconstruction Team in Kandahar. The department's Afghanistan Task Force coordinated and supported Canada's engagement in that country, working closely with the Canadian International Development Agency, National Defence, Public Safety Canada and the Privy Council Office. The task force ensured that all aspects of Canada's engagement were clear, consistent and oriented toward well-defined strategic goals.
- The department led the **evacuation of Canadians from Lebanon** in the summer of 2006, by far the largest and most successful evacuation ever mounted by the Government of Canada. A Public Service award of excellence was given to employees at the Canadian embassies in Lebanon, Cyprus and Turkey, in recognition of their exemplary contribution under extraordinary circumstances.

- By providing political support and financial assistance, Canada strengthened the capacity of the **Organization of American States (OAS)** to promote democracy in the Americas through efforts such as participation in nine electoral observation missions (Peru, Colombia, Haiti, Bolivia, Guyana, Nicaragua, Venezuela, St. Lucia and Ecuador) in the region.
- The department led the government's efforts to increase Canada's focus on and presence in the Americas, developing an **Americas Strategy** to strengthen Canada's engagement in Latin America and the Caribbean.
- Canada and the United States indefinitely extended the **North American Aerospace Defense Command (NORAD)** agreement, and added maritime domain awareness to its mission.
- At the June 2007 **G8 Summit**, the department accomplished a consensus on how to address climate change as well as an initiative to generate a structured dialogue between the G8 and the key emerging economies of Brazil, China, Mexico, South Africa and India on global economic challenges.
- The department worked with like-minded partners to ensure establishment of the **United Nations Peacebuilding Commission** and **Human Rights Council**.
- The federal government reached agreement with Quebec to establish a formal role for the province in UNESCO (the United Nations Educational, Scientific and Cultural Organization).
- The **Stabilization and Reconstruction Task Force (START)** supported security sector reform and societal reconstruction in key fragile states, including Afghanistan, the Democratic Republic of Congo, Colombia and Haiti. It also worked with federal partners to coordinate government-wide responses to critical peace and security challenges and international crises.
- Through the **Counter-Terrorism Capacity Building Program**, the department increased the capacity of developing states to prevent and respond to terrorist activity.
- As part of the **Global Partnership**, the department worked with like-minded countries to reduce opportunities for the proliferation of weapons of mass destruction.

**International Trade**

- The department finalized the **Softwood Lumber Agreement** between Canada and the United States, establishing a secure and predictable commercial environment for the Canadian lumber industry. United States countervailing duty and anti-dumping duty orders, in place since May 2002, have been completely revoked. Approximately US$4.5 billion in duties collected during that time have been returned to Canadian softwood lumber exporters.
- The $591 million **Asia-Pacific Gateway and Corridor Initiative** was launched in October 2006 to facilitate the operations of global supply chains between North America and Asia.
- The department led development of the **Global Commerce Strategy** as a coherent approach that will ensure Canadian business can take advantage of new markets and extend its global reach. The strategy will contribute to the success of the government's overall economic plan for Canada, *Advantage Canada*, complementing and building on investments in commercial infrastructure. It provides a broad framework that supports specific international strategies of the department's business clients.
- As part of the Global Commerce Strategy, six multi-year, whole-of-government market plans were developed for the priority markets of the United States, Mexico, China, Europe, India and Brazil. The plans integrate all aspects of international commerce, including market access, two-way trade and investment, and science and technology (S&T). They will encourage more Canadian companies to pursue international opportunities, and will build knowledge of Canada's commercial capabilities by positioning Canada as a centre of excellence for talent, innovation, investment, and value-added production and trade.
- Canada signed a **Foreign Investment Protection and Promotion Agreement (FIPA)** with Peru and a letter of intent with Brazil on negotiation of a bilateral S&T agreement, and negotiated and arranged the signing of an S&T cooperation agreement with China.
- The department undertook a web-based pilot survey of its business clients, identified through the **Virtual Trade Commissioner (VTC)** website, and found clients very receptive to this method of

follow-up, which gauges their success in a given market and the department's performance as an organization. Plans are to build the survey instrument into the VTC in 2007-2008.

**Department-Wide**

- The department continued its practice of **reallocating resources** from lower to higher priorities, both in Canada and abroad. This was linked to the whole-of-government strategies for countries and multilateral organizations produced by Canada's missions abroad. The purpose of these strategies is to focus the missions more directly on the Government of Canada's international priorities and provide the basis for reallocation of resources to priority countries and regions.
- The department has recently completed a **human resources plan**, which in part addresses issues raised by the Auditor General of Canada in her May 2007 review of human resources throughout the organization. The plan emphasizes recruitment and the learning needs of staff to ensure current and future requirements are met.
- The department also developed a **human resources performance framework** to be used to identify priorities, monitor progress and determine commitments in the performance management agreements of Assistant Deputy Ministers.
- The department developed a new Management, Results and Resources Structure—Program Activity Architecture **(MRRS-PAA)** to replace the interim one and to fully reflect reintegration of its foreign affairs and international trade components. It was approved by Treasury Board in June 2007. The new MRRS-PAA will improve the department's management of, and accountability for, financial and non-financial resources.

**Recognition of Excellence**

- In addition to the award noted above in relation to the evacuation of Canadians from Lebanon, the department's accomplishments were recognized by Treasury Board of Canada Secretariat (TBS) as well as by organizations outside government in 2006-2007. It received TBS awards of excellence for its consular website, its Canada in the World website, the electronic client management system of the Trade Commissioner Service, and its teamwork that led to the success of the National Routing System, a secure network that links federal and provincial agencies, including Passport Canada, and enables real-time exchange of vital information. In addition, the department was honoured by the Real Property Institute of Canada for the new Canadian Embassy in Ankara, and by the Materiel Management Institute in recognition of the ISO 9001:2000 certification of its contract management process.
- Crucial to these and other success stories of the department over the last year has been the staunch commitment and highly developed skill sets of its staff. They are people who know how to get things done, and we take this opportunity to recognize the benefits their work provides—not only to Canadians but also to the global community as a whole. We invite all Canadians to learn more about the department and its achievements over the past year by reading this report as well as by consulting our comprehensive and user-friendly website (http://www.international.gc.ca/index.aspx).

## 1.2 Deputy Ministers' Management Representation Statement

Marie-Lucie Morin
Deputy Minister for International Trade

Leonard J. Edwards
Deputy Minister of Foreign Affairs

We submit for tabling in Parliament the 2006-2007 *Departmental Performance Report* for the Department of Foreign Affairs and International Trade.

This document has been prepared based on the reporting principles contained in *Guide for the Preparation of Part III of the 2006-2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance.
- It is based on the department's approved strategic outcomes and Program Activity Architecture that were approved by the Treasury Board.
- It presents consistent, comprehensive, balanced and reliable information.
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.
- It reports finances based on approved numbers from the Estimates and Public Accounts of Canada.

Marie-Lucie Morin
Deputy Minister for International Trade

Leonard J. Edwards
Deputy Minister of Foreign Affairs

## 1.3 Important Introductory Notes for Readers

### 1.3.1 On Our Program Activity Architecture

In accordance with TBS instructions, this report is based on the interim Program Activity Architecture used in the department's 2006-2007 *Report on Plans and Priorities* (RPP). In February 2006, the department's foreign affairs and international trade components were reintegrated. Since this took place near the end of fiscal year 2005-2006, there was insufficient time to prepare and obtain approval for a new PAA in its 2006-2007 RPP. Accordingly, Treasury Board approved an "interim" PAA, which was actually two separate PAAs combined (those of the previously separate departments of Foreign Affairs Canada and International Trade Canada), until such time as a new PAA could be developed and approved.

The department now has a new, approved PAA that fully reflects the remerged organization. It will be used as the basis for the 2008-2009 RPP.

### 1.3.2 On the Overall Assessment of Our Performance

What the department seeks to accomplish over the long term is expressed in its strategic outcomes and program activities. Principal expected results are identified for each strategic outcome and program activity. Together, the department's outcomes, priorities and expected results provide the basis for establishing accountability for results and measuring performance.

The department ensures that its priorities align with and support those of the government as a whole, as identified in key documents such as the Speech from the Throne, the federal budget and the annual *Canada's Performance* report of TBS.

To ensure a balanced and complete view of the department's overall performance, three issues need to be stressed at the outset. First, the department operates in a global environment in which many developments beyond its direct control can have a significant impact on its ability to achieve its expected results. Second, the department manages Canada's network of missions abroad, thereby providing the international platform for the entire Government of Canada. This means that coordination and close cooperation with federal partners is an important aspect of the department's performance. Third, because its mandate is so broad and diverse, the department takes particular care in establishing a wide range of appropriate performance indicators, both quantitative and qualitative.

## 1.4 What We Do: Our Strategic Outcomes and Activities

### 1.4.1 Raison d'être and Corresponding Benefits to Canadians

With respect to foreign affairs, the department leads and coordinates a government-wide approach to pursuing Canada's global agenda, while promoting Canadian values and culture internationally. It analyzes national and international trends and developments for Canadians, providing timely and practical information on global issues and travel. It manages Canada's missions worldwide, delivering the international platform of the entire Government of Canada. And it provides passport and consular services to Canadians, enabling their participation in the international community.

With respect to international trade, the department provides wide-ranging services to Canadian businesses, such as opening and expanding markets through negotiated agreements and facilitating export and investment transactions. This benefits Canadian companies and the entire economy. Expansion of global commerce, including two-way trade and investment, generates employment and business opportunities for Canadians at home and abroad. A strengthened Canadian economy, built on open flows of trade, investment and technology, enables the federal and provincial governments to provide Canadians with social and other programs they desire. Furthermore, trade liberalization is a

significant contributor to the Government of Canada's innovation agenda. Opening new markets for Canadian firms stimulates investment, which can raise productivity by generating new ideas and technologies, while foreign investment in this country helps to transfer technology and know-how to Canadians.

### 1.4.2 Our Strategic Outcomes

The department's four strategic outcomes for 2006-2007, as identified in that year's *Report on Plans and Priorities*, are set out in bold below. Each strategic outcome is accompanied by a description that allows program activities to be developed to help the department make progress toward the outcome.

**Advancing Canada's interests internationally:** The department projects Canada and its values to the world and pursues Canada's interests abroad in partnership with other federal departments, other levels of government across the country and Canadians. It pursues the country's global agenda from a government-wide perspective, analyzes national and international trends and developments, and interprets the world for Canadians.

This outcome recognizes the department as the government's centre of expertise in leading the formulation and coordination of Canada's international policies and the promotion of the international dimension of Canada's domestic interests, as well as advancing those interests on a bilateral and multilateral basis. Principal support for this outcome comes from political/economic officers of the Foreign Service.

Five program activities contribute to this strategic outcome: Strategic Policy and Public Diplomacy (now called Strategic Policy and Planning), International Security, Global Issues, Bilateral Relations and Protocol.

**Serving government abroad:** The department manages Canada's missions abroad, delivering cost-effective and efficient services and infrastructure to enable the international operations of federal and provincial departments and agencies co-located there.

Management/consular officers of the Foreign Service support the work of this strategic outcome by coordinating the services provided to partners co-located at missions abroad, including contracting, procurement and human resources management.

Three program activities contribute to this outcome: Bilateral Relations, Common Services and Infrastructure (support from headquarters and missions abroad) and Human Resources.

**Serving Canadians abroad:** The department provides assistance, guidance, services and advice related to travel documents and consular needs. This ensures that Canadians receive the assistance they need when they are travelling, working or living abroad.

Management/consular officers of the Foreign Service support the work of this strategic outcome by providing consular and passport services abroad.

Two program activities contribute to this outcome: Consular Affairs and Passport Canada.

**Advancing Canada's international commercial interests in Canada and abroad:** The department collaborates extensively with partners inside and outside government to foster coherence of Canada's commercial policies and programs for the purpose of enhancing the prosperity of Canadians.

Trade commissioners and policy specialists carry out this work.

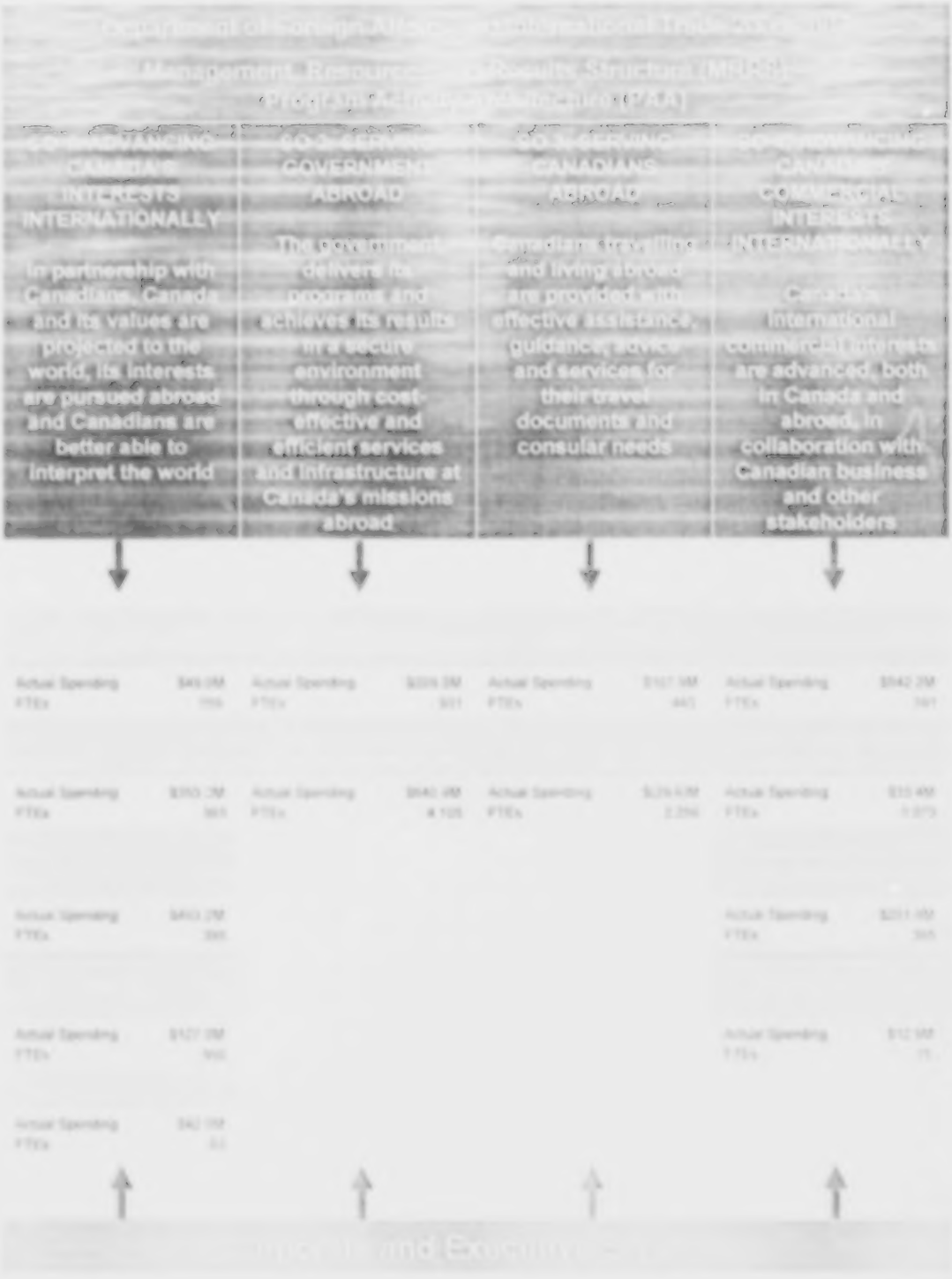
Four program activities contribute to this strategic outcome: Trade Policy and Negotiations, World Markets/Commercial Relations (now called Global Operations), International Business Development (now

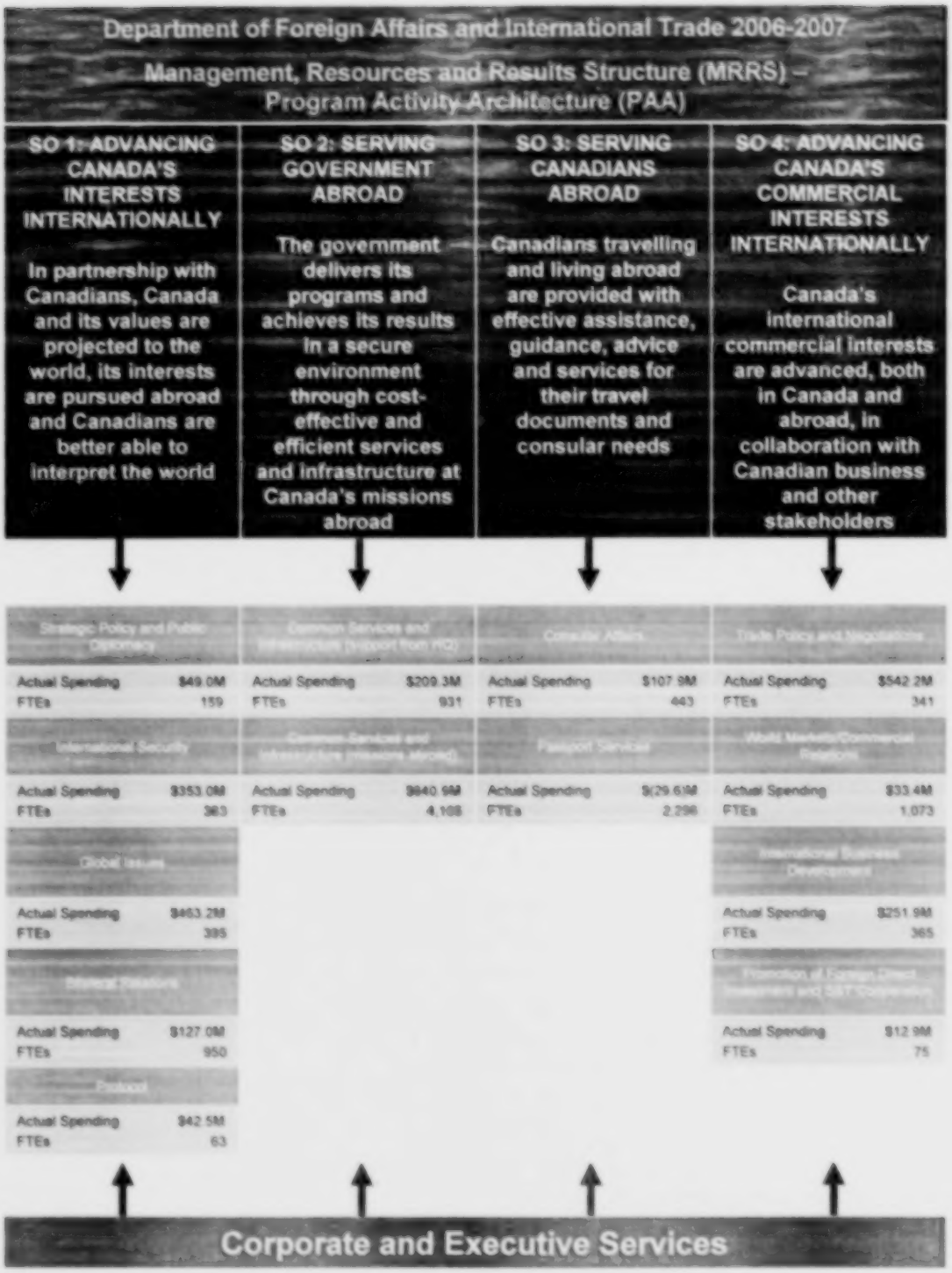
called Investment, Innovation and Sectors) and Promotion of Foreign Direct Investment and S&T Cooperation.

The department pursues its strategic outcomes through a number of programs. Specific program achievements are described in Section II of this report.

### 1.4.3 Our 2006-2007 Priorities

The chart below represents the department's Program Activity Architecture, listing the department's four strategic outcomes: three pertaining to foreign affairs and one to trade.[1] Section II is organized by strategic outcome and program activity, in accordance with the PAA.

[1] Full descriptions of the strategic outcomes and their associated program activities are in Section II. Elsewhere in the document, the strategic outcomes are identified only by their main themes (e.g. Advancing Canada's Interests Internationally).

INTERESTS INTERNATIONALLY
In partnership with Canadians, Canada and its values are projected to the world, its interests are pursued abroad and Canadians are better able to interpret the world
GOVERNMENT ABROAD
CANADIANS ABROAD
INTERNATIONAL
Actual Spending $49.0M
Actual Spending $209.3M
Actual Spending $107.9M
Actual Spending $942.2M
Actual Spending $350.3M
Actual Spending $840.4M
Actual Spending $239.6M
Actual Spending $33.4M
Actual Spending $401.2M
Actual Spending $201.4M
Actual Spending $127.0M
Actual Spending $12.9M
Actual Spending $42.1M


Department of Foreign Affairs and International Trade 2006-2007
Management, Resources and Results Structure (MRRS) – Program Activity Architecture (PAA)
SO 1: ADVANCING CANADA'S INTERESTS INTERNATIONALLY
In partnership with Canadians, Canada and its values are projected to the world, its interests are pursued abroad and Canadians are better able to interpret the world
SO 2: SERVING GOVERNMENT ABROAD
The government delivers its programs and achieves its results in a secure environment through cost-effective and efficient services and infrastructure at Canada's missions abroad
SO 3: SERVING CANADIANS ABROAD
Canadians travelling and living abroad are provided with effective assistance, guidance, advice and services for their travel documents and consular needs
SO 4: ADVANCING CANADA'S COMMERCIAL INTERESTS INTERNATIONALLY
Canada's international commercial interests are advanced, both in Canada and abroad, in collaboration with Canadian business and other stakeholders
Strategic Policy and Public Diplomacy
Actual Spending $49.0M
FTEs 159
Common Services and Infrastructure (support from HQ)
Actual Spending $209.3M
FTEs 931
Consular Affairs
Actual Spending $107.9M
FTEs 443
Trade Policy and Negotiations
Actual Spending $542.2M
FTEs 341
International Security
Actual Spending $353.0M
FTEs 383
Common Services and Infrastructure (missions abroad)
Actual Spending $940.9M
FTEs 4,108
Passport Services
Actual Spending $(29.6)M
FTEs 2,298
World Markets/Commercial Relations
Actual Spending $33.4M
FTEs 1,073
Global Issues
Actual Spending $463.2M
FTEs 395
International Business Development
Actual Spending $251.9M
FTEs 365
Bilateral Relations
Actual Spending $127.0M
FTEs 950
Promotion of Foreign Direct Investment and S&T Cooperation
Actual Spending $12.9M
FTEs 75
Protocol
Actual Spending $42.5M
FTEs 63
Corporate and Executive Services

Establishing priorities guides the department in choosing where to focus its work in seeking to make tangible, measurable progress toward its strategic outcomes. In other words, they list results, which if achieved, would constitute progress the department hopes to make toward its strategic outcomes.

The department's 10 priorities listed in the 2006-2007 RPP were:

- greater collaboration with the United States and increased cooperation with all hemispheric partners;
- a more secure world for Canada and Canadians, safer from the threats of failed and fragile states, terrorism, transnational crime and weapons of mass destruction;
- a revitalized multilateralism, responding to the new challenges of globalization and putting outcomes ahead of processes;
- greater engagement with like-minded partners in the G8 as well as emerging economies such as Brazil, Russia, India and China;
- strengthened consular and passport services, able to respond rapidly and flexibly;
- increased Canadian awareness of the challenges and opportunities presented by global commerce;
- more secure access for Canadian business to global markets through the negotiation and implementation of commercial agreements;
- assistance to Canadian business in competing successfully for global opportunities;
- promotion of Canada as a globally competitive location and partner for investment, innovation and value-added production; and
- a department that is recognized as modern and agile.

### 1.4.4 Our 2006-2007 Program Activities and Key Expected Results

The following list indicates each program activity (in bold), followed by its key expected results (see Section 1.4.2 with respect to the restructuring of World Markets/Commercial Relations and International Business Development that has taken place since the 2006-2007 RPP).

**International Security:** Canadian international security interests and human security program interests are advocated bilaterally and multilaterally, and the department's responsibilities with respect to security and intelligence are well managed.

**Global Issues:** A stronger and more effective multilateral system, capable of addressing Canada's interests in global issues. In particular, international economic relations and development, environment and sustainable development, human rights and human security are advocated.

**Bilateral Relations:** Canada's bilateral relations are conducted and promoted in Canada and abroad in order to promote and protect Canadian interests.

**Strategic Policy and Public Diplomacy:** International policy and interdepartmental whole-of-government strategies, including public diplomacy, are developed in coordination with partner departments.

**Protocol:** The presence of foreign diplomats in Canada is managed and facilitated; official travel by the Governor General, the Prime Minister and Ministers of the Portfolio, and all diplomatic official events, are planned and led.

**Common Services and Infrastructure (support from headquarters):** Headquarters-provided common services to government programs and partners operating abroad are managed and delivered.

**Common Services and Infrastructure (support from missions abroad):** Mission-provided common services to government programs and partners operating abroad are managed and delivered.

**Consular Affairs:** Consular services to Canadians are managed and delivered.

**Passport Services:** Passport services to Canadians (through the use of the Passport Revolving Fund) are managed and delivered by Passport Canada, a special operating agency.

**Trade Policy and Negotiations:** Canada's international economic and commercial interests in Canada and abroad are analyzed, negotiated, advocated and represented in consultation with stakeholders.

**World Markets/Commercial Relations:** Canada's international economic and commercial interests at the regional and bilateral levels are integrated, and bilateral commercial relations are managed.

**International Business Development:** International business services to Canadians are managed and delivered.

**Promotion of Foreign Direct Investment and S&T Cooperation:** Foreign direct investment in Canada is attracted and retained. Canadian investment abroad is expanded and international science and technology collaboration is fostered.

### 1.4.5 How Our Outcomes and Program Activities Link to Government of Canada Outcome Areas

The department's performance links to the results expected by the Government of Canada as a whole.

The department ensured that its priorities for 2006-2007 were in keeping with those expressed in the April 2006 Speech from the Throne by Canada's New Government (http://www.pm.gc.ca/eng/media.asp?id=1087) and the May 2006 federal budget.

The department also utilized *Canada's Performance 2006* (http://www.tbs-sct.gc.ca/report/govrev/06/cp-rc_e.asp), the TBS report on government-wide performance. In the section on international affairs, the report tracked the government's contribution to four outcome areas: a safe and secure world through international cooperation, global poverty reduction through sustainable development, a strong and mutually beneficial North American partnership, and a prosperous Canada through global commerce.

The following table shows how the department's strategic outcomes and program activities are aligned with the Government of Canada's outcome areas, as found in *Canada's Performance 2006*.

*Alignment of Our Strategic Outcomes and Program Activities with Canada's Performance Outcome Areas*

| Departmental Strategic Outcomes | Canada's Performance Outcome Area |
|---|---|
| Advancing Canada's Interests Internationally and Serving Canadians Abroad (and the program activities supporting these two outcomes) | A safe and secure world through international cooperation |
| Advancing Canada's International Commercial Interests (and supporting program activities) | A prosperous Canada through global commerce |

Note that the department's strategic outcome of Serving Government Abroad is not aligned with an outcome area in *Canada's Performance* because it supports the achievement of internal outcomes.

## 1.5 Our Operating Context

The department's operating context is an international environment that is filled with challenges, risks and opportunities. A sample of these is set out below.

### 1.5.1 Our External Challenges

The main external challenges are:

- the considerable influence of the United States in world affairs, as well as the importance of Canada's economic relationship with that country, which could be affected by issues like the U.S. Western Hemisphere Travel Initiative (WHTI) and its phased-in passport requirements for all Canadians entering that country;
- profound restructuring in the global economy, including rapid emergence of major economic powers in Asia, the development of global supply chains and continued integration of global capital markets;
- issues of concern to Canadian business and labour groups such as increasing competition in key markets worldwide, Canada's declining market share in the United States and the impact of the rising Canadian dollar on exports and imports;
- ongoing threats related to terrorism, proliferation of weapons of mass destruction, crime affecting Canadians travelling abroad, transnational spread of infectious diseases and intra-state conflicts, particularly those in global hot spots;
- the increasing attention being paid by the international community to climate change and the resulting push for practical efforts globally to mitigate its effects;
- international debate over the effectiveness and representation of multilateral organizations;
- the rise of major new international players, notably India and China;
- the stalled World Trade Organization negotiations (the Doha Round), a consequent resurgence of protectionism, and the increase in the number of bilateral trade agreements between Canada's competitors and key markets;
- the rising involvement in global affairs by non-state actors, including business and religious communities, as well as the impact of new technologies (e.g. the Internet) in framing national and international issues;
- the continuing fierce global competition for foreign direct investment (FDI); and
- global concern about energy security post-9/11.

### 1.5.2 The Risks We Face

Risk management is integral to business and human resources planning. The department continues to make progress in improving its assessment, management and communication of risks.

The department faces security risks at home and abroad as well as threats related to international pandemics, the environment, international crime and terrorism. Advancement of Canada's interests on the world stage could be negatively affected by increasing unilateralism worldwide as well as by the ineffectiveness of multilateral institutions and tools in addressing global problems.

Risks that could affect Canada's economy and prosperity include a mediocre trade and competitive performance, realignment of the global economy with its emphasis on integrated supply chains and innovation, any terrorist act that impedes Canada-United States trade and any escalation of trade disputes as a result of a failure to complete the Doha Round of trade negotiations. At the same time, the federal government faces increased pressure to protect certain industries from the impact of international trade and from foreign takeovers, and to assist other industries in the event of an economic slowdown, while remaining committed to greater liberalization of trade and investment rules.

### 1.5.3 The Opportunities Available to Us

First, Canada's unique range of membership in a wide number of multilateral organizations provides the opportunity to advance Canadian interests and values across a broad spectrum of issues and with many members of the international community. Second, Canada's advantages, including its knowledge-based, technologically advanced economy and workforce, make it well positioned to pursue international commercial opportunities. Third, Canada's emergence as an energy superpower that is democratic, stable and reliable will contribute to the country's economic prosperity and provide leverage in advocating Canadian positions on international issues and advancing Canada's interests on the world stage.

### 1.5.4 Our Internal Challenges

The department also faces internal challenges. These include:

- the necessity for ongoing security enhancements at headquarters and missions abroad;
- the fact that some 33 percent of the department's non-statutory financial resources are made up of grants and contributions, approximately 68 percent of which is accounted for by assessed contributions to cover Canada's membership in international organizations—a critical factor not only to this department but also to the operations of many of its federal partners;
- the need to address issues related to the department's aging workforce, the shortage of qualified employees in key occupational groups, and stiff competition inside and outside government for employees with the complex skill sets required by the department; and
- the need to continue strengthening policymaking and project management capacity, especially on issues involving federal, provincial and territorial partners.

### 1.5.5 Our Key Partners

The department works closely with a wide range of domestic and foreign partners, including:

- other federal departments and agencies;
- provincial, territorial and municipal governments;
- the private and voluntary sectors in Canada;
- Canadian and international non-governmental organizations and citizens' groups;
- the Canadian academic community;
- foreign cultural and academic communities with an interest in Canada;
- representatives of foreign governments, companies and international institutions; and
- organizations involved in science, technology and innovation.

A number of federal departments and agencies and provincial governments have international interests and priorities that they pursue abroad. Many Canadian missions have personnel from federal and provincial partners who use the Government of Canada's platform abroad (i.e. Canada's mission network) to deliver their programs. The department coordinates and consults closely with its partners in order to provide them with a high level of service.

In addition, many parliamentarians and Canadians—particularly those with an interest in foreign policy, global business, international travel or study abroad—are among those served by Canadian missions abroad.

### 1.5.6 Our Major Horizontal Initiatives

In 2006-2007, this department collaborated with federal partners on key horizontal files. The two examples below show the extent to which the department collaborates and consults closely with other government departments and agencies in order to deliver the Government of Canada's international agenda.

- The Global Peace and Security Fund and its component programs support urgent contributions to crisis response operations; help build global peace support capacity; plan and deliver conflict prevention, civilian protection and stabilization initiatives in fragile states; and provide resources to Canada's human security commitments. The fund is managed by the Stabilization and Reconstruction Task Force (START) Secretariat. Federal partnerships established through formal funding agreements and memorandums of understanding include those with the Royal Canadian Mounted Police, Department of National Defence, Canadian International Development Agency, Department of Justice Canada and Correctional Service Canada.
- The Enhanced Representation Initiative (ERI) provides a coordinated and integrated approach and direction to managing and advancing Canada's advocacy, trade, business development, S&T and investment interests in the United States. Federal partners include Agriculture and Agri-Food Canada, Industry Canada, the National Research Council Canada, Western Economic Diversification Canada, the Atlantic Canada Opportunities Agency and Canada Economic Development for Quebec Regions.

## 1.6 How We Monitor Our Performance

The department uses various performance measurement tools.

First, it takes note of the yearly Management Accountability Framework (MAF) assessment done by TBS. This process, which pinpoints management strengths and weaknesses, provides invaluable feedback for the department to use in strengthening its performance and providing greater results for Canadians. The department's 2005 MAF assessments, done separately for its remerged components of Foreign Affairs and International Trade, are available at http://www.tbs-sct.gc.ca/maf-crg/assessments-evaluations/2005/FA-AE/FA-AE_e.asp (Foreign Affairs Canada) and http://www.tbs-sct.gc.ca/maf-crg/assessments-evaluations/2005/IT-CI/IT-CI_e.asp (International Trade Canada).

Second, the department uses a Strategic Planning Framework based on the business plans of branches, bureaus and missions. The framework specifies broad priorities and one- to three-year outcomes with associated performance indicators. It is reviewed periodically to incorporate progress achieved and amended, if necessary, to reflect changing circumstances and priorities. In addition, the department uses a business planning framework with detailed performance indicators for the commercial programs undertaken at missions abroad and regional offices in Canada.

Other key tools used to monitor and assess performance are the department's RMAFs (Results-based Management and Accountability Frameworks) and RBAFs (Risk-based Audit Frameworks), as well as recent audits of operations at headquarters and missions abroad.

## 1.7 Performance Summary Table

The following summary table and accompanying text (Section 1.8) shows the department's assessment of its performance, using trustworthy and verifiable performance indicators. The assessment is based on the expected results that the department identified in the 2006-2007 *Report on Plans and Priorities*.

The table and accompanying text is designed to point out high-level results achieved during the past year. It is not designed as a catalogue of all the activities undertaken by the department.

Section II of this report provides more detail and information on overall performance, including specific performance indicators used by the department.

**Financial Resources**[2]

| 2006-2007 ($ millions) | | |
|---|---|---|
| Planned Spending | Total Authorities | Actual Spending |
| 2,401.1 | 3,015.3 | 2,190.0 |

**Human Resources (FTEs)**[3]

| 2006-2007 | | |
|---|---|---|
| Planned | Actual | Difference |
| 11,513 | 11,519 | 6 |

At the outset of the 2006-2007 fiscal year, the department's planned spending was $2,401.1 million. Through Main Estimates and Supplementary Estimates (A) and (B), the department was allocated total authorities of $3,015.3 million, including a statutory amount of $502.9 million for payments arising from the new Softwood Lumber Agreement and less any net-voted revenues. Actual spending was $2,190 million, net of $695 million of non-respendable revenues (primarily $623.4 million related to Export Development Canada) and including $81.4 million of services received without charge.

The department has recently completed a human resources plan, which in part addresses issues raised by the Auditor General of Canada in her May 2007 review of human resources throughout the organization. The human resources plan emphasizes recruitment and the learning needs of staff to ensure that current and future requirements are met. Furthermore, the department developed a human resources performance framework to be used to identify priorities, monitor progress and determine commitments in performance management agreements of ADMs. In addition, the department used a new planning template for human resources in the context of the business planning cycle. It connected human resource needs and identified issues as well as risks for each program activity with the department's overall strategic direction. To avoid repetition, the points contained in this paragraph will not be repeated under each of the department's program activities.

[2] For figures on planned and actual spending in 2006-2007, consult the detailed financial tables in Section III.
[3] FTEs refer to full-time equivalents—the human resources required to sustain an average level of employment over 12 months, based on a 37.5-hour work week. The overall number of FTEs utilized by the department did not change significantly over the course of the fiscal year. The department's workforce is made up of three separate groups. First, there are Canada-based rotational staff, mainly composed of Foreign Service officers, administrative support employees and information technology specialists, who relocate regularly between headquarters and Canada's missions abroad. Second, non-rotational staff work primarily at headquarters. Third, locally engaged staff work at missions abroad. Details on the FTEs allocated to each program activity are available in Section II.

**Performance Status**

| Priority | Program Activity (expected results are provided in the summary that follows this table) | Performance Status |
|---|---|---|
| **Priority No. 1: Greater collaboration with the United States and increased cooperation with all hemispheric partners (ongoing)** | • Strategic Policy and Public Diplomacy | Successfully met |
| | • International Security | Successfully met |
| | • Bilateral Relations | Successfully met |
| **Priority No. 2: A more secure world for Canada and Canadians (ongoing)** | • International Security | Successfully met |
| | • Global Issues | Successfully met |
| | • Bilateral Relations | Successfully met |
| | • Passport Canada | Successfully met |
| **Priority No. 3: A revitalized multilateralism, responding to the new challenges of globalization and putting outcomes ahead of processes (ongoing)** | • Strategic Policy | Successfully met |
| | • International Security | Successfully met |
| | • Global Issues | Successfully met |
| **Priority No. 4: Greater engagement with like-minded partners in the G8 as well as emerging economies such as Brazil, Russia, India and China (new)** | • Strategic Policy and Public Diplomacy | Successfully met |
| | • International Security | Successfully met |
| | • Global Issues | Successfully met |
| | • Bilateral Relations | Successfully met |
| | • Protocol | Successfully met |
| | • Consular Affairs | Successfully met |
| **Priority No. 5: Strengthened consular and passport services, able to respond rapidly and flexibly (ongoing)** | • Passport Canada | Not met, due to extraordinary demand and resource limitations |
| **Priority No. 6: Increased Canadian awareness of the challenges and opportunities presented by global commerce (ongoing)** | • World Markets/ Commercial Relations | Successfully met |
| | • International Business Development | Successfully met |
| | • Promotion of Foreign Direct Investment and S&T Cooperation | Successfully met |

**Performance Status**

| Priority | Program Activity (expected results are provided in the summary that follows this table) | Performance Status |
|---|---|---|
| [illegible] | • Strategic Policy and Public Diplomacy | Successfully met |
| | • International Security | Successfully met |
| | • Bilateral Relations | Successfully met |
| Priority No. 2– A more secure world for Canada and Canadians (ongoing) | • International Security | Successfully met |
| | • Global Issues | Successfully met |
| | • Bilateral Relations | Successfully met |
| | • Passport Canada | Successfully met |
| [illegible] | • Strategic Policy | Successfully met |
| | • International Security | Successfully met |
| | • Global Issues | Successfully met |
| [illegible] | • Strategic Policy and Public Diplomacy | Successfully met |
| | • International Security | Successfully met |
| | • Global Issues | Successfully met |
| | • Bilateral Relations | Successfully met |
| | • Protocol | Successfully met |
| [illegible] | • Consular Affairs | Successfully met |
| | • Passport Canada | Not met, due to extraordinary demand and resource limitations |
| [illegible] | • World Markets/ Commercial Relations | Successfully met |
| | • International Business Development | Successfully met |
| | • Promotion of Foreign Direct Investment and S&T Cooperation | Successfully met |

| Priority | Program Activity (expected results are provided in the summary that follows this table) | Performance Status |
|---|---|---|
| Priority No. 7: Secure access for [illegible] through the negotiation and implementation of commercial agreements (ongoing) | • Trade Policy and Negotiations | Successfully met |
| Priority No. 8: Assistance to Canadian business in competing successfully for global opportunities (ongoing) | • World Markets/ Commercial Relations | Successfully met |
| | • International Business Development | Successfully met |
| | • Promotion of Foreign Direct Investment and S&T Cooperation | Successfully met |
| Priority No. 9: Promotion of Canada as a globally competitive location and partner for investment, innovation and value-added production (ongoing) | • Promotion of Foreign Direct Investment and S&T Cooperation | Successfully met |
| Priority No. 10: A department that is recognized as modern and agile (ongoing) | • Strategic Policy and Public Diplomacy<br>• International Security<br>• Global Issues<br>• Bilateral Relations<br>• Protocol<br>• Consular Affairs<br>• Passport Canada<br>• Common Services and Infrastructure (support from HQ and missions abroad)<br>• Trade Policy and Negotiations<br>• World Markets/Commercial Relations<br>• International Business Development<br>• Promotion of Foreign Direct Investment and S&T Cooperation | Successfully met |

| Priority | Program Activity (expected results are provided in the summary that follows this table) | Performance Status |
|---|---|---|
| **Priority No. 7: More secure access for Canadian business to global markets through the negotiation and implementation of commercial agreements (ongoing)** | • Trade Policy and Negotiations | Successfully met |
| | • World Markets/ Commercial Relations | Successfully met |
| **Priority No. 8: Assistance to Canadian business in competing successfully for global opportunities (ongoing)** | • International Business Development | Successfully met |
| | • Promotion of Foreign Direct Investment and S&T Cooperation | Successfully met |
| **Priority No. 9: Promotion of Canada as a globally competitive location and partner for investment, innovation and value-added production (ongoing)** | • Promotion of Foreign Direct Investment and S&T Cooperation | Successfully met |
| **Priority No. 10: A department that is recognized as modern and agile (ongoing)** | • Strategic Policy and Public Diplomacy<br>• International Security<br>• Global Issues<br>• Bilateral Relations<br>• Protocol<br>• Consular Affairs<br>• Passport Canada<br>• Common Services and Infrastructure (support from HQ and missions abroad)<br>• Trade Policy and Negotiations<br>• World Markets/Commercial Relations<br>• International Business Development<br>• Promotion of Foreign Direct Investment and S&T Cooperation | Successfully met |

## 1.8 Summary of the Department's Overall Performance in 2006-2007

The following describes some of the key results achieved by the department over the fiscal year, based on verifiable evidence.

The summary is organized in accordance with the department's strategic outcomes and priorities identified in the 2006-2007 RPP.

**Strategic Outcome: Advancing Canada's Interests Internationally**

The first strategic outcome is achieved by program activities that position this department as the lead organization in the Government of Canada on international policy advice, diplomacy and advocacy, both in Canada and abroad. These activities are central to the work of a modern foreign ministry. Note that some priorities below have been abbreviated to save space and avoid repetition (see Section 1.4.3 for the full list).

*Strategic Priority 1: Greater collaboration with the United States and increased cooperation with all hemispheric partners*

(a) Expected Results:

Strengthened cooperation with the United States on border, transboundary and security issues; strengthened bilateral relations with the United States and Mexico in a number of key areas; greater dialogue and understanding among Canadians, Americans and Mexicans; and strengthened North American cooperation on security, prosperity and quality of life.

(b) Principal Results Achieved:

- Canada and the United States agreed to an indefinite extension of the NORAD agreement and added maritime domain awareness to its mission.
- In February 2007, Canada hosted the ministerial meeting of the trilateral Security and Prosperity Partnership, bringing together industry, security and foreign ministers of the United States, Mexico and Canada. Key results included a commitment to conclude a regulatory framework for facilitating trade, while maintaining high standards of health and safety, and establishment of a coordinating body to oversee management in such areas as critical infrastructure protection and border resumption in the event of an emergency. Significant progress was achieved on a North America pandemic preparedness plan to deal with issues such as avian influenza.
- Canada and Mexico held their first-ever political/military talks.
- The department led consultations on the Western Hemisphere Travel Initiative, the U.S. requirement for all travellers to carry a valid passport or other appropriate secure document when travelling to that country from within the hemisphere. It also conducted successful advocacy through all Canadian missions in the United States to seek modifications in implementation of WHTI requirements for Canadians.

*Strategic Priority 2: A more secure world for Canada and Canadians*

(a) Expected Results:

Improved political and economic stability of failed and fragile states such as Afghanistan, Haiti, Sudan and states in the Middle East; increased capacity of developing states to counter terrorism, corruption and transnational crime; more timely, coordinated, whole-of-government responses to international crises; reduced opportunities for the proliferation of weapons and materials of mass destruction; and confidence in identity, entitlement and integrity of travel documents.

(b) Principal Results Achieved:

- At the NATO Summit in November 2006, Prime Minister Harper stressed the need for all allies to commit the necessary resources and capabilities to the Afghanistan mission to ensure that development and reconstruction can take root. Since then, NATO allies and partners have committed more than 6,000 new troops to the International Security Assistance Force (ISAF) to assist the Government of Afghanistan in rebuilding the country.
- The department's contribution to stabilization and reconstruction in Afghanistan focused on justice sector reform, transnational justice and border management, in order to facilitate the Afghan government's ability to build a functioning justice system and improve border security.
- The department played a key role at the Paris Pact II ministerial meeting in June 2006 in expanding the Paris Pact's mandate to include all drug routes out of Afghanistan, including those to Canada. The Paris Pact is a partnership of countries affected by opium from Afghanistan.
- With respect to failed and fragile states, the department advanced Canada's policy of promoting reconstruction and stabilization in Haiti by ensuring a positive outcome in renewal of the mandate of the UN Stabilization Mission in Haiti (MINUSTAH), providing $6.8 million to support projects to increase security and re-establish the rule of law, and deploying 57 Canadian police and 6 corrections officers to MINUSTAH.
- In the Middle East, the Global Peace and Security Fund disbursed $2.4 million to improve movement and access of people and goods at locations that include the Karni border crossing between Israel and Gaza.
- The department led Canada's work on Sudan with the African Union, the European Union, the United Kingdom and the United States to broker talks that resulted in the Darfur Peace Agreement. Canada provided $60 million for logistical support to the African Union Mission in Sudan.
- The Stabilization and Reconstruction Task Force (START), located in the department, supported security sector reform and societal reconstruction in key fragile states, including Afghanistan, the Democratic Republic of Congo, Colombia and Haiti.
- Through the Counter-Terrorism Capacity Building Program, the department helped increase the capacity of developing states to prevent and respond to terrorist activity, in a manner consistent with international counterterrorism and human rights norms.
- The department worked with Russia, the United States and other countries to reduce opportunities for proliferation of weapons and materials of mass destruction through the Global Partnership. In 2006-2007, six nuclear reactors in decommissioned submarines were defuelled and two submarines were dismantled (seven to date).
- Also through the Global Partnership, Canada made a critical contribution of equipment for the chemical weapons destruction facility at Shchuch'ye in central Russia, where more than 1.9 million artillery shells filled with 5,400 tonnes of deadly nerve agents are to be destroyed by the Chemical Weapons Convention deadline of 2012.
- Canada implemented five physical protection projects at Russian facilities to improve security of nuclear materials located there.

For the department's work on enhancing confidence in travel documents, see the information on Passport Canada below under Strategic Priority 5.

*Strategic Priority 3: A revitalized multilateralism*

(a) Expected Results:

International consensus achieved and progress made on key UN reforms; a whole-of-government global issues agenda developed and implemented internationally to advance Canadian objectives in areas such as migration, health, energy security, cities, the environment and sustainable development; a renewed human security agenda advanced internationally; Canada's international contributions to democratic

development more focused and better coordinated; and a strengthened international framework on criminal matters, with an increasing number of countries ratifying and implementing the Rome Statute of the International Criminal Court.

(b) Principal Results Achieved:

- The department worked with like-minded partners to ensure that the UN Peacebuilding Commission and Human Rights Council were successfully established. A member of the UN Human Rights Council, Canada contributed to design of its institutions and mechanisms, notably the Universal Periodic Review, to ensure that the human rights records of all UN member states are reviewed by the Council.
- Canada participated actively in the first Conference of the Parties to the UN Convention against Corruption in December 2006 to ensure that corruption is criminalized globally and that there is a platform for international cooperation on a case-by-case basis, including asset recovery (http://www.unodc.org/unodc/ractcosp_2006_resolutions_1.html).
- Canada successfully lobbied the UN Security Council in its April 2006 resolution on the protection of civilians in armed conflict, which provided an important basis for implementation of the *Responsibility to Protect*.
- Canada strengthened the capacity of the Organization of American States to promote democracy in the Americas through efforts such as participation in nine electoral observation missions in the region (Peru, Colombia, Haiti, Bolivia, Guyana, Nicaragua, Venezuela, St. Lucia and Ecuador).
- Canada actively participated in the Review Conference on the UN Programme of Action on Small Arms and Light Weapons (SALW) in July 2006. Canadian priorities included transfer controls to stem the flow of illicit arms, especially to conflict zones; measures to ensure legitimate ownership and appropriate use of SALW; strategies to reduce demand for small arms for illicit purposes; and establishment of a program to bring conference participants together more frequently.
- At the Regional Conference on Migration, the department contributed significantly to development of the *Guidelines for the Protection and Return of Child Victims of Trafficking*, approved by the Vice-Ministers Conference in April 2007.
- Canada hosted the World Urban Forum in Vancouver in June 2006, with over 8,000 participants from 130 countries. It highlighted innovative and practical Canadian solutions to urban problems, while showcasing Canada as a global leader in urban issues.
- The department's fourth Sustainable Development Strategy (*Agenda 2009*) was tabled in Parliament in December 2006. It will ensure greater integration of sustainable development in departmental policies, programs and operations and advance Canada's sustainable development interests related to foreign affairs and international trade.
- The department held a series of national roundtables on corporate social responsibility and the Canadian extractive sector in developing countries in 2006. This involved hundreds of participants from industry, labour, civil society and the public, and produced recommendations the government is now considering.
- The department launched the Democracy Council, which brings together federal departments and agencies with groups like the International Development Research Centre and Rights & Democracy to strengthen Canadian efforts to promote democratic governance abroad.
- Canada provided leadership on multilateral approaches to Iraq reconstruction and development, taking an active role in UN-organized conferences aimed at preparing for the launch of the Iraq Compact. The Compact's purpose is to help Iraq on the path toward peace, sound governance and economic reconstruction.
- The department's International Criminal Court (ICC) and Accountability Campaign supported numerous projects to encourage ratification and implementation of the Rome Statute of the ICC, particularly in underrepresented regions of the world.

*Strategic Priority 4: Greater engagement with like-minded partners in the G8 as well as emerging economies such as Brazil, Russia, India and China*

(a) Expected Results:

Enhanced relations with the following G8 partners: France, Germany, Italy, Japan, Russia and the United Kingdom, as well as with the European Union; and strengthened relationships with rising powers (Brazil, Russia, India and China).

(b) Principal Results Achieved:

- At the 2006 G8 Summit in St. Petersburg, joint statements by Canada and Russia on bilateral relations and energy cooperation contributed to enhanced political relations with Russia and development of business relations. This led to the March 2007 meeting of the Intergovernmental Economic Commission and the Canada-Russia Business Summit (see http://www.g8.gc.ca/sumdocs2006-en.asp for more details).
- The Minister of Foreign Affairs led Canada's engagement with Brazil, initiating work on an S&T agreement and building on shared interest on issues like cultural diversity and the situation in Haiti. Four memorandums of understanding were signed, involving Natural Resources Canada, Agriculture and Agri-Food Canada, the Canadian Foreign Service Institute (CFSI) and the National Film Board of Canada, and their Brazilian counterparts.
- Canada held bilateral meetings with Russia and China to discuss amendments to existing agreements on nuclear cooperation. In January 2007, the department negotiated and arranged an S&T cooperation agreement between Canada and China. Canada also met with India to discuss terms for development of a cooperation agreement. The department led development of a strategy to guide Canada's engagement with India, focusing on S&T, energy, environment, agriculture, education and key commercial sectors. The department also advanced negotiations with India on a Foreign Investment Protection and Promotion Agreement (FIPA).
- The department worked with partner departments and provinces to forge stronger relations with China and advance Canadian interests and priorities by expanding the scope of the Canada-China Strategic Working Group.
- The department's International Youth Program enabled some 54,000 Canadian and international young people to work and travel within each other's countries. A total of 216 scholarships were awarded to international students to pursue advanced studies in Canada. A similar number of Canadian students pursued advanced studies internationally through reciprocal awards.
- The department's annual Diplomatic Forum, held in Whitehorse in June 2006, provided an opportunity for about 100 foreign Heads of Mission to be briefed by Canadian federal and provincial ministers on foreign and domestic economic and defence issues. The Northern Tour, also in June 2006, introduced about 20 Heads of Mission to the economic and cultural vitality of Canada's North during a one-week visit to five northern communities in all three territories.
- Agreements were negotiated with the Government of Ontario to co-locate provincial representatives in the Canadian Embassy in Beijing and the Canadian High Commission in Delhi. Another agreement was reached with the Government of Quebec on its representation at the Canadian Embassy in Beijing.

**Strategic Outcome: Serving Canadians Abroad**

Working from a solid base of policy expertise and diplomatic and advocacy activities (reflected in the first strategic outcome), the department strives to assist Canadians in participating actively in today's globalized community through involvement in international affairs and world markets. Such assistance takes two forms: consular and passport services.

*Strategic Priority 5: Strengthened consular and passport services, able to respond rapidly and flexibly*

(a) Expected Results:

Increased capacity to deal with growing demands and emerging challenges placed on the Consular Program; continued delivery of high-quality consular services; deepened understanding on the part of the Canadian public and media of the nature and extent of consular services; improved client satisfaction with respect to passport services; and optimized and diversified funding for Passport Canada.

(b) Principal Results Achieved (Consular Services):

- The department led the evacuation of Canadians from Lebanon in the summer of 2006, by far the largest and most successful evacuation ever mounted by the Government of Canada.
- Consular services received an overall satisfaction rating of 96 percent from clients in 2006-2007. Clients also reported a high degree of trust in the department's Travel Safe materials—96 percent of travelling Canadians said they have a great deal or some trust in them. Depth of knowledge and reliability/accuracy were the main reasons cited. (The Strategic Counsel conducted 850 interviews in the international departure lounges of Montreal, Toronto and Vancouver airports in March 2007.)
- Last year, the department's consular website (http://www.voyage.gc.ca/consular_home-en.asp) attracted 4.2 million visitors. There were over 15,000 subscribers to the email travel updates by the end of the year, a 25 percent increase from the previous year.
- The consular website received an award of excellence in January 2007 from Treasury Board Secretariat for exceeding Government On-Line expectations. The site provides Canadians who travel or live abroad with online information and advice on foreign countries.

(c) Principal Results Achieved (Passport Canada):

- Passport Canada was severely challenged this year in delivering on its service commitments, due to a larger increase in demand than originally forecast. Turnaround standards were met for 77.9 percent of applications, as a result of strong performance through November. Wait time results were not as strong. As volumes significantly exceeded capacity between December and March, there was a decrease in performance. The proportion of applications processed within turnaround time standards during that period was just 36.9 percent.
- The department received an award of excellence from Treasury Board of Canada Secretariat for its outstanding teamwork that led to the success of the National Routing System. This secure network links federal and provincial agencies, including Passport Canada, and enables real-time exchange of vital information.

Passport security was further enhanced through the following measures:

- All regular blue passports are now produced in Canada, including those issued at missions abroad.
- Passport Canada's new agreement with Correctional Service Canada resulted in refusal of 63 applications and revocation of 79 passports from individuals prohibited from travelling abroad.

Passport Canada's project to implement facial recognition technology as a means of preventing passport fraud did not advance last year as a result of procurement issues, and is now targeted for 2007-2008.

**Strategic Outcome: Advancing Canada's International Commercial Interests**

This strategic outcome underscores the fact that, in order to have a strong, prosperous and competitive economy, Canadians must engage prominently and actively in global markets in terms of trade, investment, innovation and development of new products. To encourage more Canadian companies to take part in international commerce, an activity that could greatly enhance their productivity and

competitiveness, the department helps to raise awareness of the challenges and opportunities in the global marketplace through targeted engagement with stakeholders.

*Strategic Priority 6: Increasing Canadian awareness of the challenges and opportunities presented by global commerce*

(a) Expected Results:

Specific strategies developed by Canadian business clients to respond to the challenges and opportunities of global commerce; enhanced domestic buy-in to advance Canadian commercial interests; and increased utilization of government programs and services to help Canadians succeed in the global economy.

(b) Principal Results Achieved:

- The department led the development of the Global Commerce Strategy, a core component of which is focused on North America, as a coherent approach that will ensure that Canadian business can take advantage of new markets and extend its global reach. The strategy will contribute to the success of the government's overall economic plan for Canada, *Advantage Canada*, complementing and building on investments in commercial infrastructure.
- As part of the Global Commerce Strategy, six multi-year, whole-of-government market plans were developed for the priority markets of the United States, Mexico, China, Europe, India and Brazil. The plans integrate all aspects of international commerce, including market access, two-way trade and investment, and S&T.
- The department held extensive consultations with stakeholders inside and outside government on these market plans, including three business roundtables led by the Minister for International Trade that complemented coast-to-coast consultations by officials on the China and India market plans.
- The department organized several major missions and outreach activities focused on Asia, including the Minister for International Trade's participation at the Asia-Pacific Economic Cooperation (APEC) ministerial meeting in Vietnam. This meeting resulted in the re-launch of free trade negotiations with Singapore and the pursuit of negotiations with Indonesia on a Foreign Investment Protection and Promotion Agreement.
- Regarding the European marketplace, several incoming and outgoing trade missions were organized over the past year with both a sector-specific and S&T focus, including those with Russia and Ukraine.
- The Trade Commissioner Service's electronic client-management (eCRM) system (known as TRIO), which provides clients with single-window access to market information, was greatly expanded over the past year. The eCRM project won an award for excellence from Treasury Board Secretariat.
- Through the Virtual Trade Commissioner (VTC), a companion system to TRIO, collaboration with federal partners was increased to make the system a single point of entry for access to federal services for Canadian business.
- The $591 million Asia-Pacific Gateway and Corridor Initiative was launched in October 2006 to facilitate the operations of global supply chains between North America and Asia. In January 2007, the Minister for International Trade participated in business roundtables with 12 private sector stakeholders in Hong Kong, Beijing and Shanghai to promote the initiative.
- The department launched an Aboriginal trade website (http://aboriginaltrade.ca) to provide a single point of access to international business development information for Aboriginal businesses and buyers seeking their products and services.
- A publication entitled *Business Women in Trade* was launched to showcase women entrepreneurs who are successful internationally.
- The department developed an online guide to help municipalities improve their understanding of trade policy issues and develop their capacity to address them more strategically.

*Strategic Priority 7: More secure access for Canadian business to global markets through the negotiation and implementation of commercial agreements*

(a) Expected Results:

Canadian trade and investment interests are advanced through an appropriate rules-based initiative; market access for Canadian goods, services, technologies and investment is maintained and improved; trade and investment disputes are managed effectively; and the domestic regulatory and legislative framework under the responsibility of the Minister for International Trade is managed effectively.

(b) Principal Results Achieved:

- The department finalized the Softwood Lumber Agreement between Canada and the United States in 2006-2007, establishing a secure and predictable commercial environment for the Canadian lumber industry. Approximately US$4.5 billion in duties collected during that time have been returned to Canadian softwood lumber exporters.
- Canada and Korea held five rounds of negotiations toward conclusion of a free trade agreement.
- The Track II package of liberalizing NAFTA (North American Free Trade Agreement) rules of origin changes, estimated to represent about US$20 billion in trilateral trade in goods, was implemented by all three NAFTA countries in July 2006. The package covers a broad range of agricultural, consumer and industrial goods.
- A negotiating team composed of departmental and Transport Canada representatives as well as the Canadian Transportation Agency, headed by the Chief Air Negotiator, successfully concluded seven bilateral air services negotiations. These resulted in first-time bilateral Air Transport Agreements with Algeria, Croatia and Serbia, and significantly expanded agreements with the United Kingdom, Portugal, Brazil and Japan. All but the agreement with Algeria were concluded subsequent to Canada adopting the new "Blue Sky" international air policy.
- The department's efforts to use dispute settlement provisions effectively included initiating WTO consultations on certain U.S. agricultural subsidy programs and challenging China's measures on importation of automobile parts, as well as participating as a third party in WTO panels dealing with issues of concern to Canada.
- The WTO Dispute Settlement Body ruled in favour of Canada's position on all important matters with respect to measures by the European Community on approval and marketing of biotech products.
- The department ensured that controls on the export of defence and strategic goods were fully consistent with Government of Canada policy. This included applying strict trade measures against Belarus and adoption of UN sanctions against North Korea and Iran.

*Strategic Priority 8: Assisting Canadian business in competing successfully for global opportunities*

(a) Expected Results:

Canadian business positioned effectively to grow through global commerce; business opportunities and intelligence generated to match Canadian capabilities with specific foreign business needs; and optimized delivery of client services (e.g. timely and high-quality market information; key contacts; business advice and referrals to support sound, informed international business decisions).

(b) Principal Results Achieved:

- In November 2006, Canada signed a Foreign Investment Protection and Promotion Agreement with Peru.
- In March 2007, Canada signed a letter of intent with Brazil on negotiation of a bilateral S&T agreement.

- The department led a federal team at one of the world's premier environmental industry events, the BIO 2006 trade show in Chicago. The event showcased Canadian strengths in biotechnology, enhancing Canada's image as a world leader in this sector.
- The department's International Business Opportunities Centre (IBOC) disseminated high-quality business opportunities, identified by trade commissioners at Canada's missions abroad, to Canadian firms. During the reporting period, over 4,750 leads produced more than 20,000 potential Canadian company matches.
- The department's Program for Export Market Development for Trade Associations (PEMD-A) helped member companies promote their products and services internationally.
- For more statistics on Canadian trade and investment, see the department's annual *State of Trade* reports (http://www.dfait-maeci.gc.ca/eet/trade/state-of-trade-en.asp).

*Strategic Priority 9: Promoting Canada as a globally competitive location and partner for investment, innovation and value-added production*

(a) Expected Results:

New and expanded investments in Canada by international businesses; increased knowledge of, and interest in, Canadian capabilities and advantages on the part of foreign investors and innovators; S&T partnering opportunities and intelligence generated to match Canadian and foreign S&T needs and capabilities; and enhanced international R&D collaborations and commercializations made, involving Canadian researchers and business partners.

(b) Principal Results Achieved:

- In 2006, the stock of foreign direct investment (FDI) in Canada increased by $41.3 billion to $449 billion, a 10 percent increase and the biggest surge in Canada since 2001. With a stock of FDI equivalent to 31 percent of gross domestic product, Canada has one of the most robust investment orientations of the G7.
- The department has been successful in attracting key investors to Canada. For instance, the Canadian Embassy in Berlin targeted a major German automotive equipment firm, Georg Fischer AG, as an investment promotion candidate in late 2000. Through close collaboration with Canadian missions in Bern and Detroit, this resulted in a $20 million investment by the firm in 2006, showing the value of a multi-market approach to attract foreign direct investment to Canada.
- The Canadian Consulate in Minneapolis facilitated a major expansion of Cargill's canola processing plant in Clavet, Saskatchewan, one of the largest facilities of its kind in the world.
- In Paris, the Canadian Embassy facilitated a $32 million expansion of the Michelin facility in Bridgewater, Nova Scotia; the Ubisoft expansion of its video-gaming centre in Montreal; and the Sanofi-Pasteur expansion of its vaccine R&D facility in Montreal.
- The department participated in six select investment conferences and forums in Asia, Europe and the United States to reach large audiences of potential foreign investors and influencers. Informal surveys and feedback exercises carried out by the department at these events revealed that the overwhelming majority of participants had become more aware of Canada's advantages as a destination of choice for business.
- According to the UN *World Investment Report* (http://www.unctad.org/Templates/webflyer.asp?docid=7431&intItemID=2527&lang=1&mode=highlights), Canada improved its ranking from fourth to third out of 140 countries on the inward FDI potential index, suggesting continuing improvement in its business and investment climate. However, on the inward FDI performance index, Canada ranked 97th.
- The department led the government portion of the Canada-California Strategic Innovation Partnership, a unique model to bring together research, business and government leaders to build a strong infrastructure for technology and innovation.

- In January 2007, the department negotiated and arranged the signing of an S&T cooperation agreement between Canada and China, which should significantly boost collaborative research and development activities.

**Strategic Outcome: Serving Government Abroad**

This strategic outcome is fundamental to the success of the other outcomes. That is because this outcome focuses on the department's management at headquarters and Canada's missions abroad and the delivery of cost-effective and efficient services and infrastructure to enable the international operations of federal partners. Without well-managed, flexible operations, the department would not be able to carry out its other important work.

*Strategic Priority 10: A department that is recognized as modern and agile*

(a) Expected Results:

More effective leadership of, and coherence on, international policy issues and strategies; better integration and management of the department's public diplomacy resources; Canadians better informed about, and more engaged in, international policy; greater program, policy and project management capacity at headquarters and missions abroad; greater capacity to integrate economic considerations into international policy and activities at home and at missions abroad; representation abroad better aligned to reflect shifting distribution of global power and dominance; human resources management that is modernized and supports the department's transformation agenda; better management of, and accountability for, financial and non-financial resources; more efficient and effective corporate services in support of the department and partners and a more secure platform at home and abroad; improved capacity to deliver services to clients through initiatives focusing on service quality, efficiency and other dimensions of modern management; and enhanced programs and services that respond effectively to the needs of the Canadian business community.

(b) Principal Results Achieved:

To improve its leadership of, and coherence on, international policy issues and strategies, the department achieved the following key results:

- The department implemented a process by which Canada's missions abroad produce coordinated, whole-of-government strategies for specific countries and multilateral organizations. These strategies are reflected in the mandate letters for new Heads of Mission (HOMs), in the performance management agreements prepared for all HOMs, and in reporting agreements. They ensured alignment of mission activities with government-wide priorities and reinforced the accountability of HOMs for advancement of objectives in their countries of accreditation.
- The department has begun development of strategies integrating all its programs and activities to address key themes in priority countries and regions. For Latin America and the Caribbean, key themes include governance, democratic development, human rights and the rule of law and their relationship with education and youth activities (conferences, knowledge networks, research, scholarships and mobility) supported by the department in this region.
- The federal government reached an agreement with Quebec to establish a formal role for the province in UNESCO.
- To better integrate and manage its public diplomacy resources, the department hosted an online dialogue on its Canada in the World: Canadian International Policy website (http://geo.international.gc.ca/cip-pic/about/policy_positions-en.aspx) on non-proliferation, arms control and disarmament from September to December 2006 in order to solicit input from university classes, non-governmental organizations, experts and the public. In January 2007, this website

received an award of excellence from Treasury Board Secretariat for exceeding Government On-Line service expectations and providing an online forum in which Canadians could discuss foreign policy.

- The Muslim Communities Working Group provided effective guidance and messaging for Canadian initiatives aimed at engaging Muslim communities abroad for the promotion of good governance, democracy, human rights and the rule of law in South, Central and Southeast Asia, the Middle East and Europe.
- The department developed recommendations for cyclical review of Foreign Service Directives to enhance allowances and incentives for staff assigned to high-risk missions.
- The department developed a human resources performance framework to identify priorities, monitor progress and determine commitments in performance management agreements of ADMs.
- The department consolidated a corporate human resources plan that emphasizes recruitment and the learning needs of staff to ensure that current and future requirements are met.
- The Canadian Foreign Service Institute underwent a comprehensive evaluation and developed a draft new mandate in February 2007, which includes recognition of the institute as a Government of Canada centre of expertise for international affairs, intercultural effectiveness and foreign-language training.
- The department developed a comprehensive, three-year plan to better leverage information management and information technology (IM/IT), including its global infrastructure platform used by all federal departments and agencies operating outside Canada.
- The department continued its rigorous cyclical replacement of IM/IT systems to ensure reliability and prevent rust-out. It launched the SIGNET-C5 priority project to ensure uninterrupted secure communications for the operations of the department at headquarters and missions abroad, as well as those of its partners at Canada's missions worldwide.
- The department managed the programs and logistics for visits to Canada by 12 foreign heads of state or government and 30 foreign ministers and other guests of the Government of Canada. It also planned 6 visits abroad by the Governor General, 9 by the Prime Minister, 27 by the Minister of Foreign Affairs, 6 by the Minister for International Trade, and 6 by the Minister for International Cooperation.
- The department audited 20 embassies, high commissions, consulates, consulates general and trade offices abroad last year. Once finalized and approved, these audits will be made public. During 2006-2007, the department publicly released audits of nine missions and three headquarters entities. It also audited more than 60 grants and contributions programs.
- Regarding property management, the department's staff at headquarters and at four missions evaluated major projects, in accordance with procedures under its ISO 9001:2000 certification. Last year, 94 percent of projects delivered met cost objectives, and 88 percent were delivered within three months of schedule.
- The Physical Resources Bureau's project team won an award from the Real Property Institute of Canada for the new Canadian Embassy in Ankara (http://www.rpic-ibic.ca/en/awards/rpic_recipients/nov2006award.shtml). The bureau also received a 2007 award from the Materiel Management Institute in recognition of the ISO 9001:2000 certification of its contract management process (http://www.mmi-igm.ca/en/awards/2007/index.shtml).

Note: Further details on the results listed in this summary are available in Section II, along with information on other results achieved by the department in 2006-2007.

## 1.9 Canada's Representation Abroad and Foreign Representation in Canada

Canada has a formal presence in over 80 percent of the world's 192 independent states, and provides federal government services at 296 locations worldwide. Canada's missions represent the entire Government of Canada and advance federal, provincial, territorial and municipal interests in designated countries, areas or multilateral organizations.

The missions ensure integration and coordination of all federal activities outside Canada. All federal employees at missions abroad, regardless of their home departments or agencies, act as members of a cohesive Government of Canada team.

The department serves the foreign diplomatic community accredited to Canada (175 foreign diplomatic missions—127 in Ottawa and 48 in New York City or Washington, D.C.; 506 foreign consular posts; and 19 international organizations and other offices). At present, there are approximately 8,110 foreign representatives and accredited members of their families in Canada.

## 1.10 Accountability: Our Ministers, Senior Management and Reporting Relationships

### 1.10.1 Our Ministers and Senior Staff

Maxime Bernier, the Minister of Foreign Affairs, and David Emerson, the Minister for International Trade, are accountable to Parliament for management and oversight of the department. The Minister of Foreign Affairs is supported by Beverley Oda, the Minister for International Cooperation, who is responsible for the Canadian International Development Agency. The Minister of Foreign Affairs and the Minister for International Trade are assisted by Helena Guergis, Secretary of State (Foreign Affairs and International Trade). Also supporting the ministers are Deepak Obhrai, the Parliamentary Secretary to the Foreign Affairs Minister, and Ted Menzies, the Parliamentary Secretary to the International Trade Minister and to the Minister for International Cooperation.

The Deputy Ministers of Foreign Affairs and International Trade support the ministers in determining the direction of the department. The Deputy Ministers and Associate Deputy Minister of Foreign Affairs are responsible for the department's strategic outcomes and related program activities. The Associate Deputy Minister has particular responsibility for interdepartmental coordination of Canada's role in Afghanistan, and also serves as the Prime Minister's personal representative to the G8.

Reporting to the Deputy Minister of Foreign Affairs are the Associate Deputy Minister; the Assistant Deputy Ministers (ADMs) for International Security, Global Issues and Bilateral Relations; and Passport Canada. Reporting to the Deputy Minister for Trade are the Senior Adviser for International Trade; the ADMs of Global Operations (formerly World Markets/Commercial Relations); Investment, Innovation and Sectors (formerly International Business Development); and Trade Policy and Negotiations. The Chief Air Negotiator reports jointly to the Deputy Ministers of International Trade and Transport.

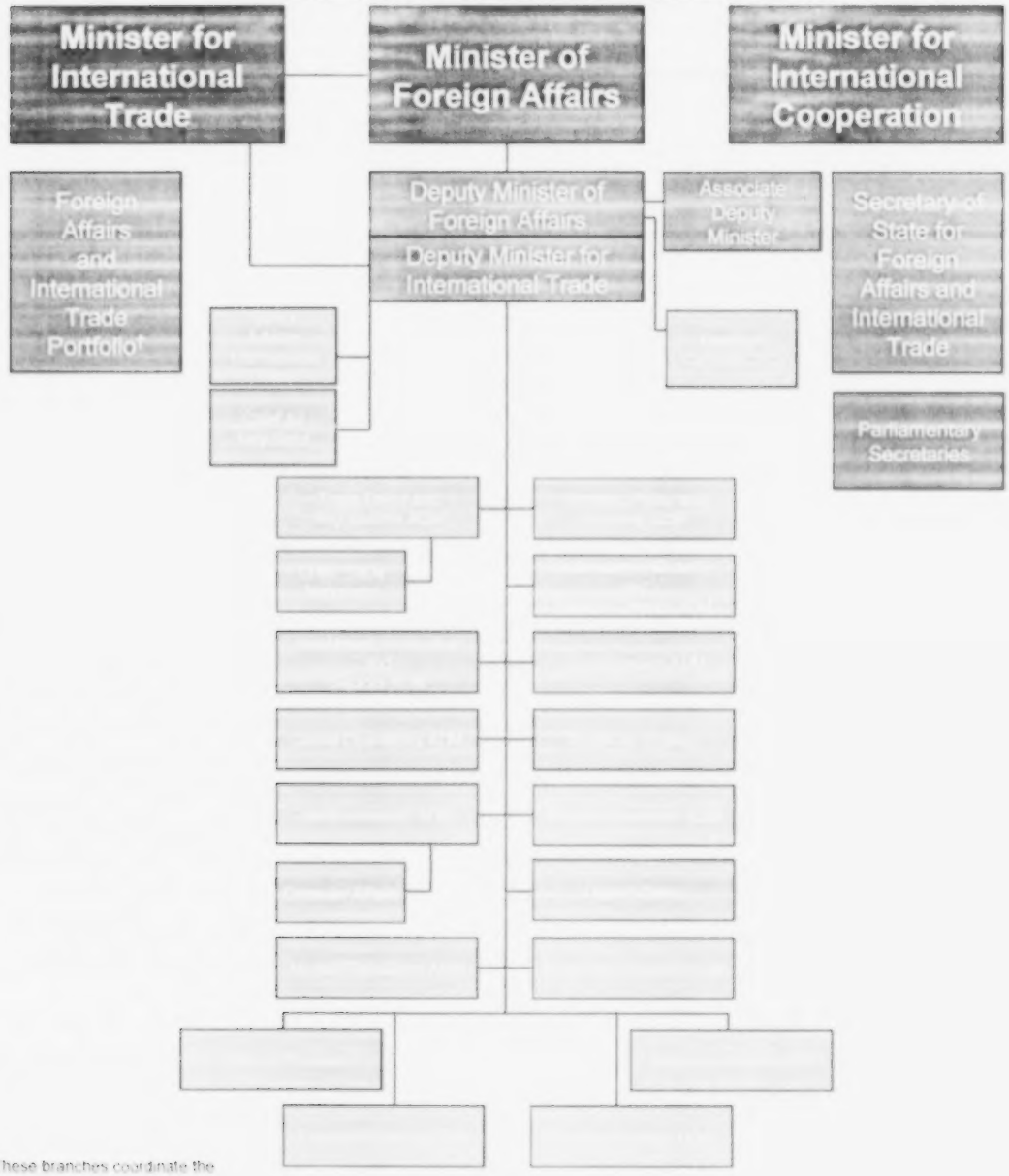
The Secretariat for the Americas Strategy is responsible for the provision of strategic direction on the comprehensive whole-of-government action plan in support of the government's commitment to re-engage with the Americas. It is led by the ADM and Executive Director for the Americas Strategy.

In accordance with the department's new PAA, the International Business Development program activity has now been split between the ADM, Global Operations, and the ADM, Investment, Innovation and Sectors.

The ADMs for North America, Strategic Policy and Public Diplomacy, Corporate Services, and Human Resources report to both Deputy Ministers. So do the Legal Adviser, the Protocol Office, and the Directors General (DGs) of Communications and Executive Services.

Within the department, there are two special operating agencies: Passport Canada and the Physical Resources Bureau. Passport Canada operates much like a private sector enterprise, financing its operations entirely from the fees charged for passports and other travel documents. It also maintains a revolving fund that allows it to carry over surpluses and deficits. The Physical Resources Bureau is responsible for the cost-effective acquisition, management, development and disposal of real property and materiel that supports program delivery abroad. The department manages over 2,000 properties abroad (chanceries, official residences and staff quarters), valued at approximately $2 billion.

# Departmental Organization


Minister for International Trade
Minister of Foreign Affairs
Minister for International Cooperation
Foreign Affairs and International Trade Portfolio†
Deputy Minister of Foreign Affairs
Deputy Minister for International Trade
Associate Deputy Minister
Secretary of State for Foreign Affairs and International Trade
Parliamentary Secretaries

* These branches coordinate the work of the missions abroad

† The Portfolio includes the Canadian International Development Agency (CIDA); the International Development Research Centre (IDRC); Export Development Canada (EDC); the Canadian Commercial Corporation (CCC); the North American Free Trade Agreement (NAFTA) Secretariat (Canadian Section); Rights & Democracy

* These branches coordinate the work of the missions abroad

† The Portfolio includes the Canadian International Development Agency (CIDA), the International Development Research Centre (IDRC), Export Development Canada (EDC), the Canadian Commercial Corporation (CCC), the North American Free Trade Agreement (NAFTA) Secretariat (Canadian Section), Rights & Democracy

### 1.10.2 Our Decision-Making Committees inside the Department

**Executive Committee**, chaired by the Deputy Minister of Foreign Affairs, covers all major policy, program and management issues related to the department's four strategic outcomes as well as internal services. Meeting weekly, this committee includes the Deputy Minister for International Trade, the Associate Deputy Minister, all ADMs and the DGs of Communications and Executive Services. Executive Committee also reviews and approves the department's annual business plans.

**Trade Senior Planning Committee**, chaired by the Deputy Minister for International Trade, deals with the international commerce dimension of the department's strategic outcome, International Services for Canadians, as well as trade elements of Canada's International Agenda strategic outcome. Meeting bi-weekly, this committee is made up of the ADMs responsible for Trade Policy and Negotiations; Global Operations; Investment, Innovation and Sectors; and Strategic Policy and Planning; as well as the ADM-level trade negotiators and the DGs of Communications and Executive Services.

Four committees deal with the department's strategic outcome relating to Canada's International Platform:

- The **Interdepartmental ADM Council on Common Services Abroad** advises the Deputy Minister of Foreign Affairs on mechanisms to implement Canadian foreign policy through Canada's diplomatic and consular networks. It also monitors alignment of priorities approved by the Foreign Affairs Minister and allocation of common service resources, as well as promotes alternatives for more cost-effective service delivery.
- The **Interdepartmental DG Common Services Abroad Committee** meets quarterly to provide direction and guidance on common service policy and delivery under the framework of the Interdepartmental Memorandum of Understanding (MOU) on Operations and Support at Missions Abroad (the generic MOU).
- The **Interdepartmental Director Working Group on Common Services Abroad** decides on day-to-day operational issues pertaining to the MOUs, monitors service delivery standards and performance measurement, and implements the framework for planning and managing change at missions abroad. Meeting every three weeks, it takes direction from the DG Committee.
- The **Committee on Representation Abroad (CORA)** discusses proposed position changes at missions abroad and makes recommendations to Executive Committee.

The following three committees support all four of the department's strategic outcomes by addressing internal issues throughout DFAIT's operations:

- The **Human Resources Advisory Committee** meets monthly to advise on human resources issues. Chaired by the ADM of Human Resources, it is made up of DGs and selected Heads of Mission.
- The **Audit Committee** is chaired by the Deputy Minister of Foreign Affairs. The Deputy Minister for International Trade is vice-chair. It meets at least four times a year. Membership includes three ADMs and the Chief Audit Executive of the Office of the Inspector General. Others from inside and outside the department attend meetings as requested.
- The **Departmental Evaluation Committee** has recently been established to guide and oversee evaluation and performance reporting activities to enable the use of evaluation findings in management and decision making. Made up of senior departmental officials, this committee is to be chaired by the Deputy Ministers or their designate, and will meet quarterly to review and approve evaluation reports, policies and plans.

### 1.10.3 Who is Accountable for Each of Our Program Activities

The following table identifies the senior manager primarily responsible for each program activity in 2006-2007.

| Program Activity | Primary Accountability |
|---|---|
| [illegible] | [illegible] |
| [illegible] | [illegible] |
| [illegible] | [illegible] |
| [illegible] | [illegible] |
| [illegible] | [illegible] |
| [illegible] | [illegible] |
| [illegible] | [illegible] |

### 1.10.4 Decision-Making Committees outside the Department

The department is influenced by decisions taken by several Cabinet committees. First, the **Cabinet Committee on Foreign Affairs and Security** and the **Cabinet Committee on Economic Growth and Long-Term Prosperity** directly affect the department's work and influence the agenda of its committees. As chair of the Cabinet Committee on Economic Growth and Long-Term Prosperity, International Trade Minister David Emerson assumes a leadership role in planning and coordinating the committee's work and in conducting its investigations. Second, the **Treasury Board Cabinet Committee** is important, given that it provides departments with the resources and administrative environment they need to do their work. Third, three other Cabinet committees can influence this department: **Priorities and Planning**, **Operations** and **Environment and Energy Security**.

The Deputy Minister of Foreign Affairs chairs an important interdepartmental Deputy-Minister-level committee established by the Clerk of the Privy Council—the **Deputy Ministers' Committee on Global Affairs, Security and Human Rights**. It brings together deputies from various departments with wide-ranging policy responsibilities. This committee provides a means of developing whole-of-government approaches to globalization and other international issues affecting Canadian interests.

## 1.11 Parliamentary Committee Business Related to Our Work

*House of Commons Standing Committee on Foreign Affairs and International Development:* Throughout 2006-2007, this committee issued reports on several key subjects, including Darfur, Haiti, development

[1] The Strategic Policy and Public Diplomacy program activity has been changed to Strategic Policy and Planning.

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| Program Activity | Primary Accountability |
|---|---|
| Strategic Policy and Public Diplomacy[4] | Strategic Policy and Planning ADM |
| International Security | International Security and Political Director ADM |
| Global Issues | Global Issues ADM |
| Bilateral Relations | Bilateral Relations ADM/North America ADM |
| Protocol | Office of Protocol DG |
| Trade Policy and Negotiations | Trade Policy and Negotiations ADM |
| World Markets/Commercial Relations | Global Operations ADM |
| International Business Development | Global Operations ADM/Investment, Innovation and Sectors ADM |
| Promotion of Foreign Direct Investment and S&T | Investment, Innovation and Sectors ADM |
| Common Services and Infrastructure (support from headquarters and missions abroad) | Corporate Services ADM/Human Resources ADM/ Bilateral Relations ADM/North America ADM |
| Consular Affairs | North America ADM (Consular Affairs DG) |
| Passport Canada Special Operating Agency (Revolving Fund and Appropriated Funds) | Passport Canada CEO |

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assistance, the UN resolution on the small arms trade, cluster bombs and the incident in Canada that affected the Secretary General of La Francophonie. The government tabled a response to a previous committee report on Haiti. The committee also examined Bill C-293 (an act on development assistance abroad) and reported back to the House of Commons.

*House of Commons Standing Committee on International Trade:* It released reports in 2006-2007 on issues including the Canada-United States agreement on softwood lumber, Canada's free trade negotiations with the Central America Four (El Salvador, Guatemala, Honduras and Nicaragua) and 10 steps to a better trade policy. In May 2007, it released a report on bulk water removals.

*House of Commons Standing Committee on Public Accounts:* In May 2006, it issued a consideration of a 2005 report by the Auditor General entitled *Passport Office—Passport Services*. The government tabled a response in August 2006.

*Senate Standing Committee on Foreign Affairs and International Trade:* It released a report on a new road map for sub-Saharan Africa in February 2007. It also reviewed Bill C-24 (an act related to the Canada-United States Softwood Lumber Agreement). In May 2007, it released a report on the July 2006 evacuation of Canadians from Lebanon.

All committee reports and government responses are available at http://cmte.parl.gc.ca/cmte/CommitteeList.aspx?Lang=1&PARLSES=391&JNT=0&SELID=e8_&COM=0

## 1.12 Auditor General Reports of Relevance to Our Work

In February 2007, the Auditor General released a report entitled *Passport Services—Passport Canada*. In May 2007, the Auditor General issued a report on this department's human resources management (see http://www.oag-bvg.gc.ca/domino/reports.nsf/html/07menu_e.html for both).

## 1.13 How We Describe Performance in More Detail in Section II

In Section II, the department provides more detailed information about its 2006-2007 performance. For each program activity, it offers:

- a brief description;
- a summary of its mandate and operating context;
- a discussion of main accomplishments as they relate to the relevant strategic priorities of the department (as identified in the 2006-2007 *Report on Plans and Priorities*);
- a list of performance indicators used; and
- lessons learned in the fiscal year.

The department's two components are presented separately, beginning with Foreign Affairs and followed by International Trade. The information is organized in this way in order to conform with the 2006-2007 RPP, which was prepared at the time (February 2006) when the department had just been brought together again after having been two separate organizations. At the end of Section II, there is a short discussion of two supporting activities (Corporate Services and Human Resources) that provide essential infrastructure to the entire department. In future, the department's planning and performance reports will provide information in a much more integrated manner.

As readers would expect, Section II refers back to specific content in the 2006-2007 RPP. Readers should be aware, therefore, of three slight discrepancies between this report and the RPP. First, while the RPP contained a separate section on trade-related strategic policy, this information is now discussed under the Promotion of Foreign Direct Investment and Science and Technology Cooperation program activity

(Section 2.2). This change reflects a recent realignment that brought together many functions of the department's commercial program, including policy development, consultation and strategic planning. Second, the wording of the mandate, context and/or planned outcomes of some program activities does not correspond exactly to that used in the RPP. That is because some small alterations were made to improve clarity or to better reflect realignment of the department's commercial program. Third, for some program activities, the RPP had listed several performance indicators, which is not in keeping with current TBS requirements of no more than three indicators per program activity listed in the PAA. Therefore, the number of indicators for certain program activities and priorities has been reduced in this *Departmental Performance Report*. In a few instances, however, the nature of the activity and priority required the department to exceed the maximum number of indicators by a small margin.

# Section II Analysis of Program Activity by Strategic Outcome

## 2.1 Foreign Affairs Component

### SO 1: ADVANCING CANADA'S INTERESTS INTERNATIONALLY

### Program Activity: Strategic Policy and Public Diplomacy

## Description of Program Activity

**Leading the formulation of Canada's overall international policy and the interdepartmental development of whole-of-government strategies, including public diplomacy.**

## Mandate and Context

In carrying out this program activity, the department:

- provides strategic policy analysis on a wide range of emerging and global issues;
- develops and implements a corporate research agenda focused on issues of growing interest to government, including evolving geopolitics and state failure;
- develops and coordinates international policy throughout its operations, as well as in collaboration with missions abroad, other government departments and other foreign ministries;
- ensures that its policies reflect all government priorities and objectives;
- provides strategic direction for Canada's international public diplomacy and advocacy activities, while engaging Canadians at home in advancing the country's foreign policy and international objectives; and
- builds and strengthens its relationships with partners through such means as initiatives to enhance cooperation with the provinces and territories on international issues of interest to them and through policy planning dialogues with other foreign ministries on global issues.

This program activity delivers real benefits to Canadians by:

- contributing to the government's ability to deliver a coherent international policy, reflecting a whole-of-government, all-of-Canada approach;
- advancing Canada's interests through the use of targeted, coordinated advocacy strategies;
- building a positive, modern image of Canada, which enhances the country's influence internationally and supports dialogue on crucial global issues;
- contributing to global peace and security, as well as strengthening Canada's relationships with rising powers through ongoing cooperation and dialogue;
- expressing Canada's global citizenship by addressing important issues related to sustainable development, education, cultural diversity, youth and values through dialogue, research and cooperation; and
- engaging Canadians in foreign policy and enabling them to contribute to projecting Canada abroad.

## Strategic Priority: Greater collaboration with the United States and increased cooperation with all hemispheric partners

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Greater dialogue and understanding among Canadians, Americans and Mexicans.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of conferences, seminars, workshops and lectures on bilateral, trilateral and international policy priorities and emerging issues, for the purpose of fostering ideas and dialogue<br>• Number of new Fulbright awards (grants for Canadian and American scholars to encourage and broaden research on subjects pertaining to the relationship between the two countries)<br>• Increased opportunities for dialogue and exchange with parliamentary groups, the provinces, academics, researchers, etc.<br>• Number and reach of programs and activities that promote the study of Canada in the United States and Mexico, and academic, student and youth mobility exchanges | | | |

### Key Results

The department engaged its counterparts from Mexico and the United States in regular consultations aimed at strengthening relationships, building trust and exchanging ideas on areas of mutual interest. These talks have helped to advance areas of common concern and build a strong dialogue among the three foreign ministries.

The Canada in the World website hosted an eDiscussion—an online dialogue—on non-proliferation, arms control and disarmament from September to December 2006. The department piloted a new element, inviting non-Canadian universities to submit policy position papers to the eDiscussion webpage. Universities in Australia, Colombia and Venezuela participated, and the department will pursue this initiative on a larger scale. The department registered over 430,000 visits to the Canada in the World website in 2006-2007.

In May 2006, the department coordinated Canada's largest presence ever at the National Association of Foreign Student Affairs conference in Montreal, highlighting Canada as a study destination and a major partner for university/college cooperation and exchanges. Through the Canadian Studies program in the United States, the department supported conferences, research activities and teaching on Canada to engage the American academic community, business and government. In Mexico, the Canadian Studies program supported similar events with the Mexican Association of Canadian Studies. Cooperation with the Network on North American Studies in Canada, a new initiative of the Canada-U.S. Fulbright Program, connects the department to leading-edge researchers from universities and think tanks across North America in developing public policy affecting this continent.

Core funding of $600,000 was provided to the Canada-U.S. (Fulbright) Foundation for Educational Exchange to support academic exchanges and promote understanding and cooperation on issues of mutual concern. A total of 105 scholars and students participated in the program this year. Over 700 young people participated in International Youth Program, in which youth from Canada, the United States and Mexico temporarily worked in each other's countries.

In February 2007, the department and the Government of Ontario announced establishment of an international marketing centre in the Canadian Embassy in Mexico. The province works in close cooperation with Embassy officials and Mexican representatives to ensure that Canada's activities and messaging in Mexico are coordinated and coherent.

In 2006-2007, the department established a practice of hosting regular quarterly information sessions with the provinces and territories on Canada-United States-Mexico relations. These sessions allow for the systematic dissemination of information on key issues and provide the opportunity to seek provincial and territorial views on policy. Departmental representatives also met at other times with provincial and territorial representatives to exchange information, enhance understanding of Government of Canada policies, and help build collaborative relationships.

In 2006-2007, the Office of the Chief Economist released its *NAFTA@10* report. Over 1,500 hard copies were distributed. There were 3,759 web visits to the *NAFTA@10* main page. Contributors to this report included university academics and economists, the C.D. Howe Institute, Statistics Canada, Department of Finance Canada, Industry Canada and the Government of Canada's Policy Research Initiative.

The department continued to reinforce its reputation as a leading centre of research on the history of Canadian foreign policy. It released Volume 26 (1959) in its series *Documents on Canadian External Relations* and completed most of Volume 27, slated for release in the fall of 2007.

## Strategic Priority: A revitalized multilateralism

***One- to three-year planned outcome:*** *Canada's international contributions to democratic development are more focused and better coordinated.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Establishment of a coordinating mechanism for arm's-length and democracy organizations | | | |

## Key Results

The department helped launch the Democracy Council to advance Canada's policies and programming on democracy-related issues. The Democracy Council will contribute to policy development and coherence, discussion of priority countries for Canada where synergies may be improved, strategic partnerships to ensure that resources are maximized and improved capacity for democracy promotion.

The department continued to encourage collaboration on cultural diversity internationally, particularly with regard to the advancement of UNESCO's Convention on the Protection and Promotion of the Diversity of Cultural Expressions, which entered into legal force in March 2007.

The department helped ensure a coherent, unified Canadian position in advance of the First Ordinary Session of the Conference of Parties to the Convention on the Protection and Promotion of the Diversity of Cultural Expressions in June 2007.

## Strategic Priority: Greater engagement with like-minded partners in the G8 as well as emerging economies such as Brazil, Russia, India and China

***One- to three-year planned outcome:*** *Strengthened relationships with rising powers (e.g. Brazil, Russia, India, China).*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of exchanges between like-minded partners in the G8 as well as Brazil, Russia, India and China, including policy planning talks with China and Brazil | | | |

### Key Results

The department liaised with counterparts in G8 countries to advance Canadian interests, and held policy planning talks with China, Mexico and Brazil. Policy planning talks with Brazil deepened engagement with this emerging power on current issues of importance, such as energy. Brazil's Minister of Foreign Affairs requested that the department continue ongoing policy talks.

In 2006-2007, the department's International Youth Program enabled about 54,000 Canadian and international youth to work and travel in each other's countries. A total of 153 young people from Brazil, Russia, India and China worked and travelled in Canada in 2006. Meanwhile, 216 scholarships were awarded to international students to pursue advanced studies in Canada. A similar number of Canadian students pursued advanced studies internationally through reciprocal awards. More than 30 students from Brazil, Russia, India and China received full scholarships to pursue advanced studies at Canadian universities and institutions.

The 2007 federal budget identified emerging markets such as Brazil, China and India as important sources of international students studying in Canada. In cooperation with the provinces and other stakeholders, the department has begun to develop marketing strategies for these and other important countries to promote Canada as a study destination.

The department's Arts Promotion Program (PromArt) disbursed more than 340 grants, totalling $4.4 million in the fiscal year. PromArt grants fund Canadian artists and cultural organizations performing internationally, using Canada's cultural success stories in international markets to support foreign policy and trade objectives.

Agreements were negotiated with the Government of Ontario to co-locate provincial representatives in the Canadian Embassy in Beijing and the Canadian High Commission in Delhi. Another agreement was reached with the Government of Quebec on its representation at the Canadian Embassy in Beijing.

## Strategic Priority: A modern and agile department

***One- to three-year planned outcome:*** *More effective leadership of, and coherence on, international policy issues and strategies.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Whole-of-government country strategy planning process in place throughout the department and missions abroad<br>• Extent to which Heads of Mission are able to coordinate their activities through HOM mandate letters and performance management agreements, using country strategies; level of satisfaction of stakeholders with country strategy process | | | |

## Key Results

In 2006-2007, the department began to modify its audit procedures, enabling systematic assessment of issues related to federal-provincial-territorial relations in mission audit reports. This will assist in developing policies and strategies that support Government of Canada requirements and respond to the needs of provinces and territories.

A Risk-based Management and Accountability Framework and Risk-based Audit Framework were developed to assist the department's management of a grant provided to the Forum of Federations. These frameworks will guide evaluation of the Forum's work, ensuring sound management of public funds. With the department's financial contribution and engagement, the Forum demonstrates international leadership on work related to federal political systems. The grant covers funding to the Forum over six years (from 2005-2006 to 2010-2011) on a decreasing scale, and includes Canada's annual $50,000 contribution as a member of the Forum's Strategic Council.

The Forum's partner countries are Australia, Austria, Ethiopia, India, Mexico, Nigeria, Switzerland and Canada. True to the Forum's internationalization efforts (moving from being a Canadian organization to an international one), it accepted Mexico and Ethiopia as partner countries in the last year, and Germany signed a formal statement of intent to join in 2008. The Government of Canada invites officials from interested provincial and territorial governments to be part of the Canadian delegation to Strategic Council meetings.

The department developed the education/youth dimensions of its country strategies, focusing on departmental priorities and aligning activities in accordance with them. The department helped develop a template for tracking and assessing the performance of public diplomacy initiatives at missions abroad. For Latin America and the Caribbean, key themes such as governance, democratic development, human rights and the rule of law will be integrated into the education and youth activities (conferences, knowledge networks, research, scholarships and mobility) supported by the department.

The department regularly engaged the provinces and territories on advocacy efforts related to WHTI. It also communicated with the provinces and territories before and after the meeting of the Canada-EU Joint Cooperation Committee, the main coordinating body for Canada-EU relations.

***One- to three-year planned outcome:*** *Better integration and management of the department's public diplomacy resources.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Development and implementation of a comprehensive public diplomacy strategy | | | |

## Key Results

The department successfully managed reduction of its public diplomacy resources, beginning in September 2006, by focusing on issues such as strengthened collaboration with the Canadian Heritage public diplomacy strategy for China, and elaboration of a public diplomacy element for the Global Commerce Strategy.

The department's programs related to intergovernmental relations adopted a results-based focus in 2006-2007. With the department's participation in the Public Diplomacy Alignment Process launched by the Deputy Minister of Foreign Affairs, a solid commitment has been made to further public diplomacy integration and improve management of these resources.

***One- to three-year planned outcome:*** *Canadians better informed about, and more engaged in, international policy.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of new domestic outreach programs; extent to which Canadians provide input into discussion of Canadian foreign policy through such tools as the Internet | | | |

## Key Results

The department hosted two sessions of the National Education Marketing Roundtable, inviting key industry stakeholders, associations and provinces to discuss cooperation in education marketing, including a proposed branding exercise, and building international linkages through signature events like the National Association of Foreign Student Affairs conference. In addition, a separate forum was established for federal-provincial-territorial discussions on international education promotion.

During the fiscal year, the department's Speakers Program organized 81 outreach programs for Heads of Mission and senior staff. Program participants engaged in 321 speaking events and outreach activities in all regions of the country, reaching approximately 11,000 people. This raised awareness and understanding of the department's work and Canada's role in world affairs. To ensure consistent whole-of-government messaging, many activities were organized in collaboration with the department's regional offices and federal partners.

In 2006-2007, three departmental programs (Foreign Policy Dialogue Program, Citizen Diplomacy Program and Model Multilateral Assemblies Program) encouraged greater public understanding and awareness of international issues through informed public dialogue as well as by building and supporting international networks. In addition to advancing departmental priorities, these programs responded to a growing desire among key segments of the population such as youth and official-language minority communities for opportunities to engage on international issues. During the year, these programs supported 39 projects, submitted by Canadian-based NGOs and institutions, engaging approximately 5,500 participants on issues such as energy security in North America, the emergence of India as a key international actor, and nuclear non-proliferation. The programs also supported model multilateral

assemblies such as the Canadian International Model UN and the Pearson Peacekeeping Centre Model UN Mission.

***One- to three-year planned outcome:*** *Greater program, policy and project management capacity, both at headquarters and at missions abroad.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of satisfaction of stakeholders and clients with policy and project management advice | | | |

## Key Results

Education stakeholders expressed appreciation for the department's leadership in proposing the development of a brand for Canadian education and training. The provinces and education stakeholders participated in significant numbers in education promotion activities coordinated by the department at signature education trade events in North America, Europe and Asia, and have expressed the desire to continue such collaborative efforts. Stakeholders involved in the department's informal consultations expressed interest in maintaining these discussions throughout the year.

In 2006-2007, DFAIT staff gave presentations to classes at the Canadian Foreign Service Institute on topics ranging from Canada-U.S. relations to economic analysis and Canadian foreign policy priorities. In addition, staff participated in Institute courses throughout the year, with a view to improving policy analysis and management capacity.

During the course of the year the Strategic Policy and Planning Branch created the Strategic Planning, Resources and Coordination Bureau. As part of its mandate, this bureau provided overall advice and guidance on matters relating to the strategic direction and policy development processes for DFAIT. In this capacity the bureau helped bring greater coherence to DFAIT's policy and planning activities and acted as a key centre of communications in explaining these processes to departmental officials. The bureau was instrumental in developing DFAIT's new 2008-2009 MRRS-PAA structure (see the reference to the MRRS-PAA in the Corporate Services section of this report).

## Lessons Learned

Policy exchanges with Canada's hemispheric counterparts have resulted in increased collaboration among Canadian, United States and Mexican foreign ministries. In particular, Canada contributed to the evolution of a document drafted by the United States State Department proposing a new Partnership for Democratic Governance. Canada worked with the United States to advance this proposal with other partners, including Mexico and Brazil.

Supported by the Canadian and United States governments, the Fulbright Foundation continued to mobilize private sector financial support and to serve as a catalyst for increased involvement by the academic communities in both countries in researching and teaching about North America. The department will continue to seek ways to work with the Fulbright Program to leverage its institutional capacities.

Bilateral arrangements on youth mobility, the growing emphasis in Canadian Studies programs on student mobility, and increased efforts to promote Canada as a study destination are expected to help increase youth mobility on this continent.

Through the G8 process, the department has had access to information and insights that better inform Canadian positions on issues like Iran and North Korea. The department has also contributed to the G8 agenda and promoted discussion on Afghanistan and Sudan.

More than 80 percent of funding under the Canadian Studies program is focused on G8 countries, Mexico, Brazil, India and China. The program needs to be increasingly targeted to areas of research and teaching that promote a greater knowledge of Canada at home and abroad and that are closely aligned with Canada's bilateral objectives. An increased flow of students from these countries to study in Canada will also contribute to Canada's economic development and strengthen bilateral relations.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| Planned Spending | Total Authorities | Actual Spending |
| 46.4 | 50.4 | 49.0 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| Planned | Actual | Difference |
| 162 | 159 | (3) |

## Program Activity: International Security

### Description of Program Activity

**Advocating Canadian international security interests and human security program interests bilaterally and multilaterally, as well as managing the department's responsibilities with respect to security and intelligence.**

### Mandate and Context

In carrying out this program activity, the department:

- leads and coordinates government-wide efforts on critical security issues such as continental defence and security; defence and security relations with countries outside North America; non-proliferation, arms control and disarmament; stabilization and reconstruction in failed and fragile states; responses to natural disasters; ongoing efforts to ban anti-personnel mines; counterterrorism; counternarcotics and transnational organized crime;
- promotes Canadian interests in multilateral, regional and bilateral defence and security relations;
- develops and implements strategies and policies on conflict prevention, peace support operations, peacebuilding and humanitarian affairs; and
- develops and implements strategies and policies on intelligence cooperation and the security of personnel, assets and information at Canada's missions abroad.

In fiscal year 2006-2007, the department managed assessed contributions and delivery of discretionary grant and contribution programs related to security, to a total of nearly $200 million. These included:

- assessed contributions—fees to cover Canada's membership in international organizations such as the North Atlantic Treaty Organization, the Organisation for the Prohibition of Chemical Weapons, the International Atomic Energy Agency, the Nuclear Energy Agency, the Comprehensive Nuclear Test Ban Treaty Organization, and the Organization for Security and Cooperation in Europe (OSCE); and
- discretionary grant and contribution programs to advance Canada's interests internationally, including:
    - the Global Partnership Program (GPP), through which Canada implements its commitments to the G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction;
    - the Global Peace and Security Fund (GPSF), which is Canada's key mechanism to develop and deliver global peace and security initiatives, including human security and global peace support. In 2006-2007, the Government of Canada made new resources available to the department to further enhance security abroad and to support global peace and security initiatives related to the Stabilization and Reconstruction Task Force (START), which was mandated to provide timely and coordinated whole-of-government responses to natural and human-made international crises; and
    - the Counter-Terrorism Capacity Building Program, which provides training and technical assistance to developing states to enable them to prevent and respond to terrorist activity in a manner consistent with international counterterrorism and human rights norms, standards and obligations. The department also managed contribution programs with the UN Office for Drugs and Crime and the Inter-American Drug Control Commission to counter international organized crime, corruption, illicit drugs and human trafficking.

In pursuing Canada's international security agenda, the department makes use of the full range of Canada's diplomatic tools and assets, notably its network of missions, which include the Canadian Joint Delegation to NATO in Brussels, the Permanent Mission to the International Organizations and the Delegation of Canada to the OSCE in Vienna.

To address security issues and to ensure cohesion between Canada's diplomatic, defence and development initiatives, the department works collaboratively with a wide range of federal partners, including National Defence (DND), Public Safety Canada, the Canadian Security Intelligence Service (CSIS), the Royal Canadian Mounted Police (RCMP), CIDA, the Department of Justice Canada and Health Canada, as well as with other levels of government and civil society organizations across the country. In addition, the department pursues Canada's security objectives by working with like-minded nations and with multilateral and other international organizations.

## Strategic Priority: Greater collaboration with the United States and increased cooperation with all hemispheric partners

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Strengthened cooperation with the United States on border, transboundary and security issues.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Renewal of the NORAD agreement<br>• Reinvigoration of the Canada-U.S. Bilateral Consultative Group on Counterterrorism (DFAIT-led, interdepartmental) | | | |

## Key Results

In May 2006, Canada and the United States agreed to the indefinite extension of the North American Aerospace Defense Command (NORAD) agreement and added maritime domain awareness to its mission. Canada's ongoing participation in NORAD will continue to protect Canada, its interests and sovereignty.

The recommendations of the Binational Planning Group, the mandate of which expired in May 2006, continue to serve as a reference for enhanced cooperation between Canada and the United States. Issues it identified for further work are being addressed in the context of the Permanent Joint Board of Defence at NORAD and in day-to-day interactions between the two governments. Together, the department, National Defence and Public Safety Canada are collaborating with their United States counterparts to develop contingency plans for defending against, and responding to, possible threats in the two countries, including natural disasters and potential terrorist attacks (http://www.canadianally.com/ca/).

In September 2006, this department hosted the revitalized Bilateral Consultative Group (BCG) on Counterterrorism with the United States, bringing together senior officials from United States and Canadian departments and agencies to discuss current threats and develop collaborative approaches, both bilateral and multilateral, to address them. It was agreed that the BCG will meet annually. The next meeting, to be hosted by the United States State Department, will take place in the autumn of 2007.

The department has developed a more concerted bilateral drug dialogue with the United States. The Minister of Foreign Affairs met with the Director of the White House Office for Drug Control Policy, and a new bilateral drug threat assessment has been launched.

The department supported bilateral cooperation through the Canada-United States Cross-Border Crime Forum, and concluded a bilateral threat assessment related to trafficking in persons and organized crime.

***One- to three-year planned outcome:*** *Strengthened North American cooperation on security, prosperity and quality of life issues on key areas of interest to Canada.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Ongoing strengthening of Canada-Mexico, Canada-United States and trilateral relationships on common security interests | | | |

## Key Results

The department pursued initiatives on bilateral and trilateral cooperation in peace and security, including work with other departments on border and transborder issues such as terrorism, natural disasters and pandemic preparedness, non-proliferation and disarmament. Highlights of the last year included increased liaison between this department and the United States State Department on the initiation of a joint Canada-United States video production on information technology security for use by the two departments' employees as part of their security education and awareness programs. Script approval and funding were secured, and work on production is ongoing.

Canada and Mexico held their first-ever political/military talks in November 2006, resulting in a better understanding of each other's security interests, a commitment to better coordinate positions regionally, internationally and multilaterally, and an interest in furthering exchanges between departmental officials so as to share best practices.

In April 2006, Canada, the United States and Australia held the most recent in a long series of annual trilateral discussions leading to greater convergence in approaches to key global nuclear non-proliferation

and disarmament matters, such as positions on Iran, the Democratic People's Republic of Korea and uranium enrichment.

Following the Government of Canada's response to Hurricane Katrina in the United States in 2005, the department and Public Safety Canada developed an emergency management impacts assessment tool to provide guidance on how to co-manage Canada's response in the event of another significant emergency in the United States.

## Strategic Priority: A more secure world for Canada and Canadians

***One- to three-year planned outcome:*** *Improved political and economic stability of failed and fragile states such as Afghanistan, Haiti, Sudan and states in the Middle East.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Support within the G8, NATO, the UN and regional organizations for Canadian positions related to response and peace support capabilities | | | |

## Key Results

An outcome of the 2006 G8 meeting was Canada's commitment to provide ongoing stabilization and reconstruction support in specific regions of the world, including the development of global peacekeeping capacity.

**In Iraq:** Canada deployed trainers to the Jordan International Police Training Centre to conduct basic training for the Iraqi police force, at a cost of $1.7 million. Canada supported the training of 18 Iraqi trainees in 2006-2007. This enabled qualified Iraqi police recruits to undertake policing duties to international standards.

Canada also deployed two police officers as mentors to the Iraqi Ministry of the Interior, at a cost of $67,000 for the mentor's travel and security. This program, which ended in November 2006, enhanced operational capacity of the Iraq police to deliver policing services and reduce insecurity.

**In Afghanistan:** Canada continued to play a significant role in diplomatic, defence and development contributions to stabilization and reconstruction through the Canadian Embassy in Kabul and the Provincial Reconstruction Team (PRT) in Kandahar:

- The department coordinated the involvement of Correctional Service Canada in the PRT, which now includes two correctional officers mentoring and training Afghan correctional services staff in the implementation of rule of law and human rights processes. The PRT also includes 10 RCMP staff to train Afghan officials in the reform of security sector institutions.
- The department provided operational support for the political and police role in PRT Kandahar and at Regional Command (South) headquarters.
- Program support was provided for police reform and political reconciliation. Program funding supported purchase of non-lethal police equipment, initiation of construction of three police substations and support for local governance.
- A contribution of $10 million through the Law and Order Trust Fund for Afghanistan has been instrumental in putting in place a payroll system that allows police officers to regularly draw full salaries directly from banks, rather than depending on unreliable and irregular payments.

Other key results for 2006-2007 included:

- funding of a study mission to Canada by the Afghan Deputy Minister of Justice, which facilitated exchanges between the Afghan Deputy Minister and Canadian Justice experts, advanced the Deputy Minister's understanding of a functioning justice system, and provided an opportunity for Canadian officials to better understand justice-related needs in Afghanistan;
- Canada's participation in the first meeting of key international donors to Afghanistan's justice sector to coordinate the previously ad hoc international effort;
- a justice assessment mission to Kabul, undertaken by the department in collaboration with the Department of Justice Canada, which identified key areas for future Canadian engagement;
- funding of a Fast Talk with five international experts on Afghanistan and Pakistan to develop better understanding within the Government of Canada of dimensions related to conflict prevention in Afghanistan and conditions for improving Afghanistan-Pakistan bilateral relations;
- establishment and management of an effective ongoing dialogue between Canada and the International Committee of the Red Cross on detention issues in Afghanistan. The department has also liaised closely with NGOs and the UN Refugee Agency regarding Afghan refugees in Pakistan, resulting in development of a coherent and strategic Canadian approach to Afghan refugee and return issues, integration of references to refugees into G8 and Canada-European Union outcome documents, and effective chairing of an interdepartmental working group on Afghan refugees;
- a key role played by the department at the Paris Pact II ministerial meeting in June 2006 in expanding its mandate to include all drug routes out of Afghanistan, including those to Canada, and incorporating as a new Paris Pact priority the objective of addressing the flow of precursor chemicals into Afghanistan; and securing a commitment to enhance efforts to promote regional counternarcotics cooperation; and
- the convening of a subsequent meeting of experts on precursor chemicals from countries concerned—including Afghanistan, Pakistan, the Central Asian republics, China and India—and their agreement to relaunch a joint operation to interdict precursor trafficking.

**In Haiti:** The department made an important contribution to advancing Canada's objective of promoting reconstruction and stabilization in Haiti by ensuring a positive outcome in the UN Stabilization Mission in Haiti (MINUSTAH) mandate renewal, providing $6.8 million in 2006-2007 to support projects aiming to increase security and re-establish the rule of law and deploying 57 Canadian police and six corrections officers to MINUSTAH. To improve MINUSTAH's effectiveness, Canada also organized a seminar for key MINUSTAH leaders. Canada's contribution to reform of the Haitian National Police was essential to the initiation of vetting for police officers, which is crucial to increase professionalism and effectiveness among the police ranks. With support from START and the GPSF, the Inspectorate General, which is responsible for the vetting process, has adequate office space, equipment and training to perform its job effectively.

**In the Middle East:** Canada supported a key international priority in the Middle East Peace Process: effective management of the border between Israel and the West Bank/Gaza. In 2006-2007, the GPSF disbursed approximately $2.4 million, resulting in improved movement and access of people and goods at locations that include the Karni border crossing between Israel and Gaza.

**In Sudan:** The department has worked toward a coordinated Canadian response to the political and humanitarian crisis in Darfur, including capacity building for regional organizations to conduct peace support operations and implementation of the peace agreement through the UN Peacekeeping Office. In May 2006, talks led by the African Union (AU) resulted in achievement of the Darfur Peace Agreement. Canada worked closely with the AU, the European Union, the United Kingdom and the United States in brokering the agreement. Also in May 2006, Canada increased financial support for Sudan by $40 million ($20 million for urgent humanitarian needs and $20 million to enhance the ability of the AU mission in Sudan to assist in initial implementation of the peace agreement and lay the groundwork for a successful transition to a UN mission).

Overall in 2006-2007, Canada provided approximately $60 million for logistical support to the AU mission in Sudan. This covered helicopters, transportation and aviation fuel as well as key expert deployments. This support has provided the AU with essential capacity to undertake its mission, which includes the protection of civilians in Darfur.

Canadian objectives in Sudan focused on reducing community insecurity and small arms proliferation in the south, strengthening rule of law institutions, reinforcing institutions of community life and mitigating violence between communities. Activities undertaken in 2006-2007 included $7 million to cover:

- support for investigation of war crimes in Darfur by the International Criminal Court, which has led to indictments and warrants for two key individuals;
- funding of the Sudan Small Arms Survey to assess the distribution of small arms, in support of national demobilization, disarmament and reintegration (DDR);
- peacebuilding programs started in 2006-2007, with early results such as a comprehensive assessment of insecurity, including two large-scale baseline surveys in southern Sudan and a third in process, to directly support UN DDR planning and implementation; and
- placement of three technical advisers in the Supreme Court of southern Sudan.

In March 2007, the Minister of Foreign Affairs announced a Canadian commitment of $48 million to continue supporting critical AU peacekeeping efforts in Darfur.

**In Kosovo, Bosnia and Herzegovina:** To promote stability in the Balkans, START programming focused on justice and security sector reform, social reconciliation, and small arms and light weapons reduction. Canada deployed three police officers to the European Union Police Mission, at a cost of $364,000. This resulted in demonstrable progress by the Bosnian police in operating in accordance with international standards.

**Multilateral and regional initiatives:** At the 2006 NATO Summit, Prime Minister Harper stressed the need for all allies to commit the necessary resources and capabilities to the Alliance's mission in Afghanistan to ensure stability so that development and reconstruction efforts can take root. Since then NATO allies and partners have committed more than 6,000 new troops to ISAF to assist the government of Afghanistan in rebuilding the country. In the NATO context, Canada is a strong promoter of the comprehensive approach to assisting failed and fragile states, endorsed by leaders in Riga. This approach seeks to integrate, in a coordinated manner, civilian and military resources and capabilities to maximize the effectiveness of the international community's efforts on the ground. The Minister of Foreign Affairs underlined the importance of this approach in the area of good governance, the rule of law and respect for human rights at the OSCE/NATO foreign ministers' meeting in April 2007.

The department's GPSF initiatives totalled approximately $4 million in 2006-2007:

- Canada contributed to construction of a new regional centre for peacekeeping training in Bamako, Mali, which opened in March 2007.
- Funding for about 75 percent of the curriculum of the interim school in Koulikopuru, Mali, enhanced the capacity of Francophone Africa to contribute troops and police to African peacekeeping operations in places such as the Democratic Republic of Congo (DRC) and Darfur.
- Progress by the AU in the development of the African Standby Force was enhanced by the contribution of a Canadian military expert. This increased the capacity of the UN Department of Peacekeeping Operations to meet its reform objectives. Reform objectives included the training of some 23,000 African peacekeepers, completion of standard modules for UN peacekeeping training, and the drafting of a kit to assist in UN mission start-up processes.
- Canada undertook programming with UN bodies, NATO and the Organization of American States that will help prevent civilian injuries and deaths caused by anti-personnel mines, explosive remnants of

war, and the proliferation and misuse of small arms in countries such as Afghanistan, Cambodia, Lebanon, Colombia, Nicaragua, Serbia, Albania, Bosnia and Herzegovina, northern Uganda and the DRC. To achieve landmines project objectives, and to integrate mine action into Canada's broader efforts toward sustainable development, DFAIT collaborates closely with CIDA and National Defence.

***One- to three-year planned outcome:*** *Increased capacity of developing states to counter terrorism, corruption and transnational crime.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Increased expertise in developing states on the latest counterterrorism, anti-corruption and transnational crime measures | | | |

## Key Results

Through the Counter-Terrorism Capacity Building Program, the department helped to increase the capacity of developing states to prevent and respond to terrorist activity, in a manner consistent with international counterterrorism and human rights norms. This program, which is led by the department, involves over 15 federal departments and agencies. To date, the program has concentrated over 70 percent of its activities on Asia, primarily Afghanistan and Pakistan, but also conducts activities in the Americas. Canadian leadership in specialized areas such as chemical, biological, radiological, nuclear and explosives first-responder training, maritime and aviation security, and law enforcement and security training has resulted in both recognition among key stakeholders and an increased demand for Canadian assistance.

Canadian and other G8 experts approved the final results of the Secure and Facilitated International Travel Initiative (SAFTI) on aviation security in November 2006, and the results were then approved by G8 ministers of Justice and Home Affairs. The department ensured that G8 SAFTI results reflected Canadian best practices. This standard-setting G8 work has informed the work of the International Civil Aviation Organization and organizations such as APEC and the OSCE, thereby improving the security of international aviation.

The department successfully led G8 efforts to extend the mandate of G8 transportation security experts to include maritime, intermodal and rail/mass transit security. Three new Canadian-led projects in these fields were approved by the G8 in November 2006 and March 2007.

The department worked to develop and implement existing international norms and standards in the fight against international crime, illicit drug and human trafficking, and terrorism, as well as in relation to human rights and humanitarian law in the following ways:

- It developed a whole-of-government terrorist kidnapping response policy and began collating whole-of-government standard response procedures.
- It advocated the protection of human rights within bilateral, regional and multilateral counterterrorism forums and succeeded in securing their commitment to protect human rights in the fight against terrorism in the UN Global Strategy on Combating Terrorism adopted in September 2006.
- It promoted ratification by Canada and other states of the UN Convention against Corruption, the first comprehensive global instrument to criminalize corruption, and secured funding to assist in its international implementation in developing states.
- It contributed to the conclusion of a new coordinated Canadian Hemispheric Action Plan on Transnational Organized Crime and supported training in Central America and the Caribbean.
- It also supported technical assistance to further the implementation of the UN Convention Against Transnational Organized Crime and its protocol covering trafficking in persons.

***One- to three-year planned outcome:*** *More timely, coordinated, whole-of-government responses to international crises.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Extent to which new government resources are deployed rapidly to respond to international crises and enhanced security measures | | | |

## Key Results

The Stabilization and Reconstruction Task Force (START) facilitated work with federal partners to coordinate rapid and effective whole-of-government responses to critical peace and security challenges and international crises.

The department led timely and effective coordination of the Government of Canada's response to the Java earthquake; two major typhoons (Turian and Xangsane); Hurricane Ernesto; and floods in the Horn of Africa, Mozambique and Madagascar. It also completed three major reviews to identify lessons learned.

The department provided leadership in addressing the humanitarian dimensions of the Government of Canada's response to the Lebanon crisis in the summer of 2006, ensuring international humanitarian law and civilian protection were addressed in Canadian positions and statements. The department facilitated the transport of humanitarian staff into Lebanon and the transportation of more than 100 tonnes of supplies for trusted humanitarian partners, such as the International Committee of the Red Cross and Médecins Sans Frontières, to help meet the humanitarian needs of affected populations.

The department has led efforts to provide training on natural disaster response to Government of Canada personnel. In 2006-2007, 220 government employees received such training.

The department participated in the interdepartmental process for listing and delisting of terrorist entities under Canadian regulations, in accordance with international obligations including UN Security Council resolutions (UN Suppression of Terrorism Regulations and UN Afghanistan Regulations). The department participated in the review of the Anti-Terrorism Act and the response to the related Senate and House committees. It also hosted the visit of the UN Al-Qaida and Taliban Sanctions Committee.

The department worked with federal partners to implement and improve whole-of-government delivery of the Counter-Terrorism Capacity Building Program. The program has facilitated a consultative approach to project selection pertaining to international counterterrorism assistance that has been implemented through more than 80 projects. A measurable concentration of effort in the Americas and Asia is one result, contributing to program and policy coherence.

***One- to three-year planned outcome:*** *Reduced opportunities for the proliferation of weapons and materials of mass destruction.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Amount of such material secured<br>• Increasing numbers of former weapons scientists employed in other activities<br>• Extent to which decisions of the International Atomic Energy Agency (IAEA) are accepted by the international community | | | |

## Key Results

During the past year, the Proliferation Security Initiative (PSI) operational experts group continued to provide a forum for the sharing of best practices related to the interdiction of illicit trafficking in weapons and materials of mass destruction (WMD) and their means of delivery. Members collaborated to produce a model PSI national response plan, which, when finalized in the coming months, will assist states in developing national plans to deal with illicit WMD trafficking. In addition, the PSI live and tabletop exercise program continues to provide participants with a practical means to test national capabilities and decision-making structures related to interdiction. The number of states that have formally endorsed the PSI Statement of Interdiction Principles has now grown to more than 80.

A number of initiatives were aimed at reducing opportunities for the proliferation of WMD. Over the last year, the department worked with Canada's missions abroad, National Defence, Natural Resources Canada and the Canadian Nuclear Safety Commission to review and update Canada's non-proliferation, arms control and disarmament policies.

The department put priority on the effective operation of agencies and negotiating forums dealing with non-proliferation, arms control and disarmament issues, such as the IAEA and the Organisation for the Prohibition of Chemical Weapons. The department focused on the principle of zero-nominal budget growth, while actively participating in agenda and budget setting, report writing and allocation activities, as well as supporting efforts to strengthen the verification capacity of these organizations.

Canada contributed substantively to the UN Group of Government Experts on Verification by chairing the group and maintaining leadership in this field. The group's final report has been submitted for consideration to the UN Secretary-General and General Assembly in the autumn of 2007.

Canada continued to support efforts for a diplomatic solution to the Iran nuclear issue and encouraged Iran to comply fully with its multilateral non-proliferation obligations. Numerous unanimous resolutions by the Board of Governors of the IAEA since 2005 facilitated adoption in 2006-2007 of the two UN Security Council resolutions on Iran, which demonstrated the unity of the international community.

The Conference on Disarmament (CD) is considering a draft decision tabled in March 2007 by its six presidents for 2007. It calls for work to begin on negotiation of a Fissile Material Cut-off Treaty and discussion of prevention of an arms race in outer space; nuclear disarmament; and security assurances for non-nuclear weapons states against the use or threat of use of such weapons. While the draft decision commands wide support, consensus by all 65 members of the CD is required if it is to be adopted. In response to the anti-satellite weapon test by China in January 2007, the Canadian proposal to introduce a moratorium on such tests received widespread support in the CD and reinforced general support for discussions on the prevention of an arms race in outer space.

The department continued to work with Russia, the United States and other states to advance the Global Partnership to prevent acquisition of WMD by terrorists. Canada supports cooperative projects in the priority areas identified by leaders at the 2002 G8 Summit: the destruction of chemical weapons, dismantlement of decommissioned nuclear-powered submarines, disposal of fissile materials, re-employment of former weapons scientists, and projects that address non-proliferation of biological weapons.

Specific accomplishments of the GPP in 2006-2007 included:

- Six nuclear reactors in decommissioned submarines were defuelled and two submarines were dismantled (seven submarines have been dismantled to date). Canada is well on its way to fulfilling its initial commitment to dismantle 12 submarines by the end of 2007-2008.

- Canada has supported targeted projects to enable Russia to meet the deadlines for chemical weapons stockpile destruction. Canada made a critical contribution of equipment for the chemical weapons destruction facility at Shchuch'ye in central Russia, where more than 1.9 million artillery shells filled with 5,400 tonnes of deadly nerve agents are to be destroyed by the Chemical Weapons Convention deadline of 2012. Canada's contribution of $100 million funded a number of projects, including the construction of an 18-kilometre railway to transport weapons from the storage site to the destruction facility. This project, valued at $33 million, is to be completed by fall 2007. Specialized equipment worth $55 million was provided for the second main destruction building, which is being installed, and $10 million for construction of high-priority communications infrastructure. Progress was also made in developing a second project at the Kizner chemical weapons destruction facility.
- Canada implemented five physical protection projects at Russian facilities to improve the security of nuclear materials at these sites; completed two projects to recover, secure and replace radioactive power sources in Russia; and made a second $4 million contribution to the IAEA for physical protection and border security upgrades.
- To counter the proliferation of weapons expertise, Canada funded $8.9 million to cover 37 research projects through the International Science and Technology Center in Moscow and the Science and Technology Center in Ukraine. The responsibility for managing funding of the latter was transferred from CIDA to the department. These projects redirect former weapons scientists in Russia and other countries of the former Soviet Union toward peaceful and sustainable research.
- Canada supported projects to develop and implement modern biosafety and biosecurity standards and practices to ensure the full accounting and safe storage of dangerous biological materials through training; translation of Canadian and World Health Organization guidelines and manuals; and encouragement of biosafety associations.

## Strategic Priority: A revitalized multilateralism

***One- to three-year planned outcome:*** *International consensus achieved and progress made on key UN reforms.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Degree to which recommendations of *The Responsibility to Protect* (R2P) are implemented | | | |

## Key Results

Canada participated in the Review Conference on the UN Programme of Action on Small Arms and Light Weapons in July 2006. Canadian priorities included transfer controls to stem the flow of illicit arms, especially to conflict zones; measures to ensure legitimate ownership and appropriate use of small arms and light weapons; strategies to reduce demand for small arms for illicit purposes; and establishment of an inter-sessional program of work to bring states together at the global level more frequently. Although agreement could not be reached on an outcome document at the conference, the Programme of Action remains the foundation document to guide activities of the international community in this area.

Canada participated in the first conference of the parties to the UN Convention against Corruption to provide a basis for ensuring that corruption is criminalized globally and that there is a platform for international cooperation on a case-by-case basis that includes asset recovery. Canadian technological cooperation facilities are also being enhanced through a new $450,000 funding capacity.

In cooperation with federal partners, the department obtained the required authority for the drafting of legislation necessary to implement the Convention on the Physical Protection of Nuclear Material and to ratify the Convention on Nuclear Terrorism.

## Strategic Priority: Greater engagement with like-minded partners in the G8 as well as emerging economies such as Brazil, Russia, India and China

***One- to three-year planned outcome:*** *Strengthened relationship with rising powers (e.g. Brazil, Russia, India, China).*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of exchanges with Brazil, Russia, India, China<br>• Number of agreements reached on a variety of socioeconomic and cultural issues<br>• Results of bilateral consultations with Brazil, Russia, India and China on international security | | | |

## Key Results

In the past year, the department held consultations with Brazil, Russia, India and China on security issues and civilian nuclear cooperation. These discussions will strengthen Canada's relationships with these rising powers and facilitate new agreements under which there can be growing trade in civilian nuclear technology and materials.

Canada held bilateral meetings with Russia and China on amendments to existing agreements on nuclear cooperation. Canada discussed with India the terms for development of a cooperation agreement. If the Nuclear Suppliers Group agrees to exempt India from its guidelines, Canada will pursue nuclear cooperation with India, which would provide substantial commercial opportunities for Canadians.

Interdepartmental bilateral counterterrorism consultations led by the department with India and China resulted in a productive exchange of views and concrete steps forward. The consultations with China highlighted the importance of respecting human rights while countering terrorism.

The department worked closely with Russia during its G8 presidency, particularly in the Roma/Lyon Group and the preparations for the Leaders' Statement. Canada also supported the Russia Public-Private Partnership Initiative in March 2006 by providing Canadian expertise for the organization of the event. Guidelines pertaining to organizing such a collaborative initiative were published, and the model is being duplicated in other interested forums.

The department continued to work in organizations such as the OAS and the G8 as they move toward greater cooperation for the protection of citizens. For example, Canada's cooperation with Brazil, under the auspices of UN agencies, the UN peace support mission in Haiti and the OAS, is helping to bring stability and security to Haiti and has enhanced Canada-Brazil contacts and coordination in the field of international stabilization and reconstruction in this hemisphere.

## Strategic Priority: A modern and agile department

***One- to three-year planned outcome:*** *Greater program, policy and project management capacity, both at headquarters and at missions abroad.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Range and types of measures taken by the department to address program, policy and project management capacity, both at headquarters and at missions abroad | | | |

## Key Results

Within the department's International Security Branch, a Program Services Division has been formed with 15 of 16 positions staffed to include advisers in the following areas: results-based management, risk management, project management, financial management, human resources management, grants and contributions, contracting and legal services. The division supports the branch in enhancing overall project management practices, applying modern comptrollership initiatives, and strengthening corporate planning and financial stewardship. To date, it has offered seven training courses for existing program managers and officers administering grants and contribution programs; engaged advisers to oversee the development of tools and templates to enhance project management; and drafted a common program delivery framework to promote consistent management practices among the branch's programs.

The department strengthened the security of its employees at missions abroad in the following ways:

- It procured and deployed additional armoured vehicles, as planned.
- Additional military security guards and locally employed mission security guards were deployed to missions as planned.
- The department pursued its next-generation secure communications system. A limited number of units were installed in trial locations; further rollout is being studied and will be based on funding availability.
- New property standards have been established governing criteria for selection of missions to address the changing security environment.
- A Security Incident Reporting Tool was tested and deployed to missions to facilitate reporting. Research and planning continue to enhance the security infraction program in order to improve protection of sensitive and classified materials.

## Lessons Learned

Based on past experience in managing the response to natural disasters abroad, the department understands the importance of clearly identifying the roles and responsibilities of federal departments in this area. The Guidance Tool developed with Public Safety Canada is an important example of efforts to clearly establish a coordination and accountability mechanism in advance of a catastrophic disaster in the United States in order to facilitate a timely and effective whole-of-government response.

START and the GPSF meet policy and operational challenges that include managing staff security in locations around the world; securing and delivering program resources at the rhythm of international crises; and mobilizing and deploying civilian resources to non-permissive environments. These challenges require program managers to seek flexible, innovative solutions with respect to program delivery on an ongoing basis.

The institutional capacity of African regional and subregional institutions remains a key challenge in achieving target dates for increased African peacekeeping capacity. The capacity of the Afghan National Police to manage infrastructure and equipment remains weak. To address this issue, the department will continue to work closely with G8 partners, the UN, the European Union and other donors. Solutions under discussion include building institutional capacities with recipient organizations to allow them to enhance their performance, and building mechanisms into donor activities to implement and control projects.

Within weeks of the end of the emergency phase of a natural disaster abroad, the department leads a Government of Canada effort to discuss lessons learned, identify what actions various departments can take to improve their response to future disasters, and to further refine the government's standard operating procedures in response to natural disasters abroad.

Audit and evaluation are integral parts of the Global Partnership Program's activities. In 2006-2007, audit activity included a follow-up audit to the 2005-2006 internal audit to assess the progress made in implementing the recommendations. There were also contribution agreement recipient audits of the Nuclear Submarine Dismantlement Program and the Chemical Weapons Destruction Program, which concluded that existing measures and processes are working well. There was also an audit of the Nuclear and Radiological Security Program's contribution to the IAEA.

Work was undertaken to implement recommendations of the formative external evaluation. A formative evaluation of the Chemical Weapons Destruction Main Destruction Building-2 project found that it achieved significant results, remains relevant to priorities, and continues to address the needs of Russian partners. The evaluation also found that the project's delivery through a memorandum of understanding with the United Kingdom has leveraged considerable benefits to Canada, reducing risk and increasing the efficiency and effectiveness of project implementation. The summative evaluation of the Nuclear-Powered Submarines Dismantlement project confirmed that it has achieved significant results and remains relevant to priorities, that it has well-structured governance and management, and that it is efficient and effective.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| **Planned Spending** | **Total Authorities** | **Actual Spending** |
| 361.0 | 369.9 | 353.0 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| **Planned** | **Actual** | **Difference** |
| 411 | 363 | (48) |

# Program Activity: Global Issues

## Description of Program Activity

**Advocating a stronger and more effective multilateral system, capable of addressing Canada's interests in global issues, particularly international economic relations and development, the environment and sustainable development, human rights and human security.**

## Mandate and Context

- promotes a reinvigorated, results-oriented multilateralism at home and abroad, focused on advancing human security, supporting more effective sustainable development strategies, strengthening international development, and helping to modernize and mobilize multilateral institutions;
- leads and coordinates Canada's involvement in multilateral organizations from a whole-of-government perspective;
- promotes and protects human rights;
- promotes Canada's international objectives through its membership in multilateral organizations;
- provides strategic analysis and advice to the government on key international issues; and
- implements the Northern Dimension of Canada's Foreign Policy and the international components of Canada's Aboriginal policies.

## Strategic Priority: A more secure world for Canada and Canadians

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Increased capacity of developing states to counter terrorism, corruption and transnational crime.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Counterterrorism, non-proliferation and health security commitments and standards secured at APEC and G8 summits<br>• APEC evolving into a forum at which Canada can promote its security interests | | | |

## Key Results

At the 2006 G8 Summit, leaders agreed to initiatives on health security, including a commitment to support international efforts to prepare and respond to outbreaks of avian influenza and potential pandemic influenza. G8 leaders also issued a statement on non-proliferation that dealt forcefully with Iran and North Korea and reaffirmed their commitment to the Global Partnership against the Proliferation of Weapons and Materials of Mass Destruction, showing continued progress in turning initial pledges into projects and activities.

Through the APEC Counter-Terrorism Task Force, the department and federal partners pursued ambitious commitments on aircraft and container security, customs and border control cooperation, ship and port security and measures to halt terrorist financing. The department used its Counter-Terrorism Capacity Building Program to help developing economies prevent and respond to terrorist activity in a manner consistent with international human rights norms, standards and obligations. The program also contributed to an Asian Development Bank fund designed to help developing-economy members comply with commitments made under the Secure Trade in the APEC Region initiative. In the APEC Health Task Force, the department worked to increase regional pandemic preparedness through collaborative approaches to key issues, such as strengthening domestic pandemic preparedness plans.

The department worked to ensure that counterterrorism and non-proliferation goals of La Francophonie were met: at the Human Security Ministerial in St. Boniface, which addressed the illicit trade in small arms, among other subjects, and at the Bucharest Summit, which condemned terrorism and engaged Francophone states in the struggle against it.

***One- to three-year planned outcome:*** *More timely, coordinated, whole-of-government responses to international crises.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Strengthened UN humanitarian architecture, both in the field and at UN headquarters | | | |

## Key Results

As chair of the Humanitarian Liaison Working Group, Canada advocated humanitarian reform efforts, support for research on protection of civilians in armed conflict and promotion of results-based approaches. The department led efforts to secure the expanded Central Emergency Relief Fund in 2006 and, in partnership with CIDA, ensured its effective operation during its first year. The department also provided strategic guidance to UN humanitarian agencies to ensure the cluster coordination approach (a key element of international humanitarian reform efforts where humanitarian agencies work in a coordinated fashion through designated leads) and worked to fill identified gaps in humanitarian responses globally.

## Strategic Priority: A revitalized multilateralism

***One- to three-year planned outcome:*** *International consensus achieved and progress made on key UN reforms.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Creation of a Peacebuilding Commission at the UN; creation of a Human Rights Council at the UN<br>• The degree to which recommendations of the *R2P* report are implemented<br>• Adoption by the UN of modern management methods | | | |

## Key Results

The department worked with like-minded partners to ensure the UN Peacebuilding Commission and Human Rights Council were successfully established. Although each body has faced difficulties, there have also been some encouraging signs. The Peacebuilding Commission has initially focused on Sierra Leone and Burundi, and agreed to consider certain horizontal issues such as youth rehabilitation as part of critical peacebuilding activities. The department was successful in ensuring Canada's election to the Commission for the 2008 term, where this country will be able to have a greater impact in ensuring its success.

Canada was elected to the Human Rights Council and actively contributed to the design of its institutions and mechanisms, notably the Universal Periodic Review, a Canadian initiative that will ensure the Council reviews the human rights records of all UN member states. The department was able to promote a coherent approach to pursuing Canada's foreign policy objectives with regard to human rights, including concern for human rights situations in specific countries (Iran, China and Belarus) and contributions to missions in Afghanistan and Haiti.

Following the adoption of R2P principles by the 2005 World Summit, the department worked to focus international attention on their implementation through bilateral and multilateral discussions and participation in a range of events. Canada successfully lobbied the UN Security Council to endorse the Summit language on R2P in its April 2006 resolution on the protection of civilians in armed conflict, providing an important basis for implementation of R2P. The Council also made the first reference to R2P with respect to a specific country, in Resolution 1706 (on Sudan) in August 2006. The department advocated the strengthening of the office of the Special Adviser on the Prevention of Genocide to improve the UN's capacity to prevent and halt genocide and related atrocities.

The adoption by the UN of modern management methods is a Canadian priority, and the department worked to build international consensus. A number of important results were achieved, including establishment of a UN Ethics Office (headed by a Canadian), institution of whistleblower protection and introduction of financial disclosure requirements to prevent conflicts of interest. Further agreement was reached among the UN membership on the application of risk management across the organization; implementation of a new information management system; a policy to ensure staff renewal; and establishment of an Independent Audit Advisory Committee, for which terms of reference are being negotiated. The department also worked to improve accountability at UN programs, agencies and funds such as UN-Habitat, which recently adopted a medium-term strategic and institutional plan that includes results-based management.

The department played a key role in efforts to make the selection process of the UN Secretary-General more open and transparent. Although not wholly successful, Canada's proposals were agreed to in a General Assembly resolution that has led to greater involvement by the full UN membership.

The department has helped La Francophonie implement results-based management, modernize its personnel structure and recruit new managers into the organization.

***One- to three-year planned outcome:*** *A whole-of-government global issues agenda developed and implemented internationally to advance Canadian objectives on issues such as migration, health, energy security, indigenous issues, the Arctic, cities, the environment and sustainable development.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of progress on individual agenda items: health, energy security, indigenous issues, the Arctic, cities, the environment and sustainable development | | | |

## Key Results

The department's fourth sustainable development strategy, *Agenda 2009,* was tabled in Parliament in December 2006. It will ensure greater integration of sustainable development into departmental policies, programs and operations and will advance Canada's sustainable development interests related to foreign affairs and international trade.

The department initiated and further refined a whole-of-government action plan to provide a comprehensive approach for Canada's implementation of UN Security Council Resolution 1325 on women, peace and security. The action plan outlines key Canadian commitments for action by the department, CIDA, National Defence and the RCMP. The document will be supported by the development in the coming months of departmental operational work plans that will provide a framework for implementation and monitoring.

The department led the interdepartmental drafting of a strategic framework to guide Canada's international engagement on avian influenza and pandemic influenza. The department also played an important role in the development of the North American Plan for Avian and Pandemic Influenza. This initiative aims to enhance collaboration with the United States and Mexico on prevention and control measures, coordination of emergency management structures and communications approaches to border issues, and efforts to protect critical infrastructure and maintain economic continuity.

Canada was among the first signatories of the new UN Convention on the Rights of Persons with Disabilities. The department actively participated in its negotiation.

At the Regional Conference on Migration, the department contributed significantly to development of the UNICEF *Guidelines on the Protection of Child Victims of Trafficking,* which were approved by the Vice-Ministers Conference in April 2007. While non-binding, these guidelines will be a reference in carrying out the safe repatriation of child victims of trafficking through greater cooperation.

The department worked closely with Natural Resources Canada (NRCan) to ensure a whole-of-government approach to energy security, helping to ensure that Canada's messaging is consistent across multilateral organizations, including the G8, APEC and the Arctic Council. As a result, the outcome documents from these various processes were consistent, reflected Canadian inputs and helped protect Canadian interests.

The department, with support from the Canadian Forest Service and CIDA, led an initiative to explore the feasibility of negotiating a legally binding instrument to promote sustainable forest management. In October 2006, Canada hosted an exploratory meeting with 20 countries from five continents. The department then developed a draft instrument, which was discussed in April 2007 on the sidelines of the UN Forum on Forests. It was well received and participants expressed interest in continuing to work toward a legally binding instrument.

In collaboration with Environment Canada, NRCan and Health Canada, the department developed a consensus on the politically sensitive issue of international approaches to the use of chrysotile asbestos. This consensus has served Canada well in international forums, including the Rotterdam Convention and the World Health Assembly, and in hearings held by the United States Senate. Canada succeeded in launching, in cooperation with like-minded countries, a joint review of means for achieving greater synergies among the Basel, Rotterdam and Stockholm Conventions, which regulate hazardous chemicals and waste. Canada secured a position on the synergies working group.

As a result of departmental efforts, disaster risk reduction was a key element of the declaration from the Inter-American Ministerial Meeting on Sustainable Development in December 2006. The department's

effective advocacy of the disaster risk reduction interests of Caribbean countries in the World Bank context resulted in the creation of a Caribbean Catastrophe Risk Insurance Facility, an innovative program to provide early cash payments to governments of affected countries after a major disaster. In response to the 2006 typhoon season in the Philippines, a significant part of Canada's assistance through the Canada Fund for Local Initiatives was aimed at projects to bolster local capacity for disaster preparedness and response.

The Arctic Council ministerial meeting endorsed several priority initiatives that support Canada's domestic and international northern agenda, including an Oil and Gas Assessment, an Arctic Marine Shipping Assessment, International Polar Year, and a Circumpolar Biodiversity Monitoring Program.

The department has engaged CIDA to identify opportunities to fund a Canadian initiative on improving access to safe drinking water and sanitation. CIDA has agreed to put forward a proposal, in consultation with the department, through the Competition of Ideas to fund an initiative on improving access to safe drinking water and sanitation in Africa. The proposal may also include programs to advance transboundary basin management in the region.

Canada hosted the World Urban Forum (WUF) in Vancouver in June 2006, with over 8,000 participants from 130 countries  This was the most successful WUF ever, highlighting innovative and practical Canadian solutions to urban problems while showcasing Canada as a global leader in urban issues. In particular, WUF 2006 showcased innovative approaches by Canadian companies in urban planning and geomatics information systems, and allowed them to make connections with municipalities and civil society representatives from around the world. The department also used this opportunity to host substantive policy dialogues with experts on issues related to human security and the implications of failed public security in cities.

In coordination with the interdepartmental AIDS 2006 Secretariat, the department ensured the success of the 16th International AIDS Conference, held in Toronto in August 2006. DFAIT worked with the Secretariat to promote greater understanding of the relationship between HIV/AIDS and human security. Over 26,000 participants attended the event, the world's largest HIV/AIDS conference ever. The conference expanded global awareness of the epidemic, supported the engagement of people living with HIV/AIDS, presented research on new forms of prevention, provided opportunities to share best practices, and built the capacity of people working in HIV/AIDS globally. The conference also consolidated global support for achieving the goal of universal access to HIV/AIDS prevention programs, treatment, and care and support by 2010.

***One- to three-year planned outcome:*** *A renewed human security agenda for Canada is advanced internationally.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Agreement on Canada's human security agenda<br>• Forums and countries in which Canada's human security agenda is promoted and supported<br>• Acceptance of new, non-traditional elements of human security such as health and urban dimensions of conflict and corporate involvement in war economies | | | |

## Key Results

In May 2006, the department organized a Francophonie ministerial conference on conflict prevention and human security in St. Boniface, Manitoba, which reinforced the human security agenda in Francophone countries.

As chair of the Group of Friends, a network of 30 countries based in New York, Canada advocated for specific Security Council action under Resolution 1612 to target violators, and used the Group as a mechanism for information sharing and consensus building among members of the Security Council, the General Assembly, and other UN bodies and agencies. The department also co-chairs (with CIDA) a government-NGO forum on children and armed conflict, which has held country and thematic panel sessions to raise the profile of the issue domestically and to discuss international policy priorities.

The department also added two non-traditional elements to the human security agenda over the past year: corporate social responsibility (CSR) and the urban dimensions of conflict. National roundtables on CSR and the Canadian Extractive Sector in Developing Countries were organized in Vancouver, Toronto, Calgary and Montreal in 2006, involving hundreds of participants from industry, labour, civil society and the public, and leading to a consensus set of recommendations that the government is now considering. On the urban dimensions of conflict, the department completed and launched a book, *Human Security for an Urban Century: Local Challenges, Global Perspectives,* developed in cooperation with 40 Canadian and international experts.

***One- to three-year planned outcome:*** *Canada's international contributions to democratic development are more focused and better coordinated.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Establishment of a coordinating mechanism for arm's-length and democracy organizations | | | |

## Key Results

A Democracy Dialogue co-hosted by the Minister of Foreign Affairs and the Minister for International Cooperation, in February 2007, allowed the broader Canadian community of practice to coalesce around the Democracy Council and gave Council members an opportunity to elaborate a Canadian approach to democracy assistance.

The department also expanded its policy development capacity in the area of democracy assistance to respond to increased ministerial attention and expectations, expanding the objectives beyond the Democracy Council to include enhanced bilateral and multilateral tools for democracy promotion and research.

***One- to three-year planned outcome:*** *A strengthened international framework on criminal matters, with an increasing number of countries ratifying and implementing the Rome Statue on the International Criminal Court.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Increasing number of countries ratifying and implementing the Rome Statute on the International Criminal Court | | | |

## Key Results

The International Criminal Court and Accountability Campaign supported numerous projects to encourage ratification and implementation of the Rome Statute, particularly in underrepresented regions of the world, to promote the effective operation of the Court and of other international criminal tribunals or hybrid courts, and to provide education and outreach about them.

Canada continued to chair the Management Committee of the Special Court for Sierra Leone and provided a Global Peace and Security Fund contribution of $2 million to assist it in completing its important work.

## Strategic Priority: A modern and agile department

***One- to three-year planned outcome:*** *More effective leadership of, and coherence on, international policy issues and strategies. Representation abroad is better aligned to reflect shifting distribution of global power and dominance.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Whole-of-government country strategy process in place throughout the department and missions abroad<br>• Extent to which Heads of Mission are able to coordinate their activities through HOM mandate letters and performance management agreements, using country strategies; level of satisfaction of stakeholders with country strategy process | | | |

## Key Results

The department held regular interdepartmental consultations to determine Canadian policies and priorities, and provided policy positions, analysis and advice consistent with these priorities to the G8 Sherpa, to the APEC Senior Official, to the Arctic Senior Official and to delegations to other multilateral meetings of interest to Canada.

The first multilateral mission strategy process was successfully concluded, with whole-of-government mission strategies now in place for Canada's missions to multilateral organizations. Multilateral mission strategies have ensured alignment of Government of Canada strategic policy priorities with mission activities and resources, and provide a clear framework for objective setting and measurement of results achieved. Head of Mission mandate letters have also been instituted for new HOMs of multilateral missions. Mandate letters, performance management agreements and multilateral mission strategies have been implemented as a coherent package, leading to enhanced coordination of HOM and mission activities and their alignment with whole-of-government priorities. Other government departments provided input to the multilateral mission strategy process, expressed satisfaction with it, and continue to be engaged through a department-led interdepartmental committee on multilateral activities.

HOM mandate letters and country strategies for bilateral missions included commitments on key global issues of specific importance to those countries or regions.

Under the restructured management framework for the International Assistance Envelope, the department co-chaired a second allocation exercise in 2006 that successfully allocated $186 million to

government priorities. This represented a vast improvement over previous years in terms of transparency and coherence.

Another important achievement was the agreement between the Government of Canada and the Government of Quebec concerning UNESCO.

The department coordinated activities with CIDA, Canadian Heritage, and the governments of Quebec and New Brunswick ensuring that preparations for the Quebec City Summit of La Francophonie in 2008 progress smoothly.

***One- to three-year planned outcome:*** *Canadians better informed about, and more engaged in, international policy.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of new domestic outreach programs; extent to which Canadians provide input into discussion of Canadian foreign policy through such tools as the Internet | | | |

## Key Results

Now in their 19th year, the department's consultations on human rights featured several new innovations to reflect major changes in the international human rights framework in 2006-2007. Innovations included panels co-hosted with civil society groups, and sessions dedicated to improving consultations in the future, given the changing nature of the international human rights architecture.

The views of Canadian indigenous groups, the provinces and territories, civil society and the private sector were also solicited and carefully considered in the development of Canada's position in the lead-up to a number of important meetings and negotiations, including the G8 and APEC summits, the Organization for Economic Cooperation and Development (OECD) and Arctic Council ministerial meetings, and negotiations on the UN and OAS declarations on the rights of indigenous people.

The department also engaged in more general outreach across the country on multilateral issues. At the Micro-credit Summit in Halifax, the Foreign Affairs Minister highlighted Canada's efforts in Afghanistan and Haiti to use micro-credit to improve the lives of poor families, particularly women. There were over 2,200 participants from governments and civil society, including such leading micro-credit proponents as Muhammad Yunus, the 2006 Nobel Peace Prize winner.

***One- to three-year planned outcome:*** *Greater program, policy and project management capacity, both at headquarters and at missions abroad.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of satisfaction of stakeholders and clients with policy and project management advice | | | |

## Key Results

A full-time position was dedicated to the task of managing the Northern Dimension Fund. This position also provided support and guidance to contribution recipients about the requirements for reporting and ensured that sufficient monitoring and follow-up were undertaken.

For the Human Security Program, a programming support unit was established and fully staffed to provide enhanced advice and assistance to project managers. The emphasis has been on enhancing the substantive quality of program outcomes as well as ensuring the consistency of projects with the RMAF and RBAF for the Global Peace and Security Fund.

***One- to three-year planned outcome:*** *Greater capacity to integrate economic considerations into international policy and activities at home and at missions abroad.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of satisfaction of stakeholders and clients, including other government departments, with economic policy analysis<br>• Recruitment and retention of officers with an economic background<br>• Level of integration of economic trends into overall departmental policy design, such as country strategies | | | |

## Key Results

The department strengthened its capacity to provide high-quality and policy-relevant economic analysis through measures such as strengthening the economic literacy of staff through the Economic and Finance Counsellors Conference and creating a unit to coordinate economic reporting and analysis. As a result, the department was able to provide high-quality economic reporting of relevance to government-wide priorities and disseminate information on major Government of Canada economic policy initiatives to stakeholders and clients. The department worked with like-minded partners to ensure that OECD policy research (including that on fiscal, regulatory, labour market, innovation, investment and trade issues), peer reviews, benchmarking and guidelines reflected Canadian priorities and supported Canadian public policy development.

## Lessons Learned

While Canada recognizes that the UN is on track with respect to its humanitarian reform efforts, important challenges remain on issues such as consistent handling of concerns related to the protection of civilians. Looking ahead, it will be important to develop effective monitoring mechanisms to guide international responses to protection issues. In addition, the transition from humanitarian relief to longer-term peacebuilding and reconstruction remains a challenge. Strong working relationships with key UN agencies, such as the UN Development Programme, will be important in addressing this.

Negotiations on UN reform often divide developed and developing countries. But progress has been made in garnering broad-based support for much-needed management reforms, on the grounds that a well-functioning, more efficient UN organization is in the interests of all member states. Continued outreach to developing countries is needed to ensure their buy-in to the UN reform agenda.

With respect to R2P, it will be important to maintain a more narrow focus on preventing and halting crimes against humanity in order for R2P, as a concept, to have a concrete impact. It is the department's assessment that R2P follow-up should primarily be focused on implementation rather than further normative discussion within the General Assembly, where the process could be counterproductive.

Another challenge for the department was re-engaging on energy issues. Advocating the department's foreign policy-based perspective is vital to ensuring that Canada is—and is perceived to be—a credible and consistent player on this key emerging issue, and the department is working closely with NRCan to ensure this.

On the children and armed conflict file, the government-NGO forum has been very successful in generating new policy ideas for moving the issue forward in various countries. The Group of Friends should be used to help identify creative new ways for targeting violators.

With the number of countries that have ratified the Rome Statute of the ICC currently at 104 (four countries have ratified since 2005-2006), Canada should focus more resources on ensuring the effective operation of the courts and tribunals. In particular, more Canadian resources will need to be committed to support the completion of trials by the Special Court for Sierra Leone.

Key lessons learned include the prioritization and business planning value of the multilateral mission strategies. Mission strategies also improved intra- and interdepartmental coordination in the area of Canada's multilateral engagement, providing greater visibility and coherence to Government of Canada interests in multilateral organizations.

By significantly expanding the scope of the World Urban Forum, Canada showed that it was possible to engage non-traditional participants and that these stakeholders could contribute to a successful event. This is something that can be applied to other events hosted in Canada to encourage further participation by non-traditional parties.

Internally, there is a demand for more training on economic issues. The 2.5-day economics course for foreign policy practitioners is proving to be popular but too short; it will therefore be expanded to three days in 2007-2008. The new "Introduction to Energy" course, piloted this year, was very successful and will be repeated.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| Planned Spending | Total Authorities | Actual Spending |
| 513.0 | 550.0 | 463.2 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| Planned | Actual | Difference |
| 470 | 395 | (75) |

# Program Activity: Bilateral Relations (North America and the Rest of the World)

## Description of Program Activity (Bilateral Relations)

**Conducting and promoting Canada's bilateral diplomatic relations in Canada and abroad. This activity has two components—Bilateral Relations (North America) and Bilateral Relations (rest of the world).**

## Mandate and Context (Bilateral Relations—North America)

- manages a network of 23 missions and 16 honorary consuls in the United States and 3 missions and 7 honorary consuls in Mexico, using a whole-of-government approach;
- fosters a strategic approach to Canada's engagement with the United States and Mexico by preparing and delivering a whole-of-government and an all-of-relationship advocacy program in the United States and Mexico;
- provides overall policy direction for the management of Canada's bilateral relationships in North America;
- develops a North American dimension to Canada's agenda with the United States and Mexico;
- continues to be a centre of expertise within the Government of Canada on relations with the United States and Mexico;
- provides a focal point within the department on how the United States and Mexico should factor into Canada's position on multilateral and other broader foreign policy issues; and
- maintains an extensive presence for Canada's missions in North America on its website, providing country statistics and profiles, advice on travel, and detailed information on mission priorities and activities.

## Strategic Priority: Greater collaboration with the United States and increased cooperation with all hemispheric partners

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Strengthened cooperation with the United States on border, transboundary and security issues.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Progress in resolving disputes and success in negotiating arrangements, agreements and other management mechanisms<br>• Work with stakeholders in the provinces and territories, business groups and NGOs to advance the Government of Canada's Official Comment on the WHTI | | | |

## Key Results

The department led four stakeholder consultations to sharpen the Canadian position on the WHTI, the U.S. government requirement for all travellers entering that country to have a passport or other

document as of January 1, 2008. It also conducted advocacy with senior U.S. Administration officials, legislators and decision makers to press Canadian concerns about the potentially damaging effects of this requirement on Canadian trade and economic interests. The United States Congress subsequently put forward legislation to delay the WHTI implementation date. The lead U.S. agency, the Department of Homeland Security, also demonstrated greater flexibility on implementation of WHTI, including an exemption for minor children and greater interest in use of enhanced driver's licences as acceptable alternative identification.

Regular Canada-United States discussions, led by the department, achieved significant progress on air pre-clearance of passengers destined for the United States from Canadian airports, thereby simplifying customs and immigration processes.

DFAIT supported efforts led by Public Safety Canada on integrated marine law enforcement with the United States, and provided similar support to Citizenship and Immigration Canada on visa information sharing with the United States. Numerous consultations with the United States were held on both issues, leading to more effective cooperation on a range of security issues.

DFAIT secured long-term Canadian funding for the International Joint Commission in 2006. This will enable the Commission to continue managing boundary waters with the United States for the common benefit of Canadians and Americans.

The department supported Ontario's efforts to avert a crisis in Toronto's waste disposal problems with the State of Michigan. Letters written for Canada's Minister for International Trade and the Canadian Ambassador in Washington to U.S. Administration and Congressional decision makers have been particularly effective. Also effective has been an arrangement between Ontario and Michigan senators, facilitated by the Canadian Embassy, which together with the department's advocacy work has resulted in satisfactory management of the issue for the time being.

***One- to three-year planned outcome:*** *Strengthened bilateral relations with the United States and Mexico in a number of key areas.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Increased cooperation in key areas of the Canada-Mexico Partnership, including governance, security and multilateral dialogue<br>• Success in advancing Canada's interests across the range of bilateral and trilateral issues | | | |

## Key Results

Two Canada-Mexico Partnership (CMP) meetings were held: in Canada in October 2006 and in Mexico in March 2007. Leadership for the CMP was transferred in the fall of 2006 from the Privy Council Office to this department. The CMP consists of six working groups (Agribusiness, Competitiveness, Energy, Housing, Human Capital, and Sustainable Development) that bring together key private and public sector partners from both countries. Key outcomes of the March meeting included a five-year extension of cooperation between the Canada Mortgage and Housing Corporation and the National Housing Commission, and the signing of an MOU for collaboration between the Association of Community Colleges of Canada and the Mexican National Association of Universities and Institutes of Higher Learning. The March 2007 CMP meeting marked the first formal participation of Canadian provinces (Quebec and Alberta) in this initiative. The department led the organization of the October 2006 visit to Canada of President-elect Calderón, who chose Canada as one of his first international destinations. Prime Minister Harper's return visit to Mexico in December 2006, for President Calderón's inauguration, showed Canada's commitment to Mexico's democratic process.

In October 2006, the department helped organize the XIV Canada-Mexico Interparliamentary meeting, involving an all-party group of 18 Mexican senators and deputies. Their discussions with Canadian parliamentarians covered border issues, climate change and energy.

Through provision of advice and guidance, the department supported the efforts of Public Safety Canada to sign an MOU with its Mexican counterpart to improve bilateral cooperation on security.

The department engaged Canada's missions in the United States in an advocacy campaign with interest groups and decision makers, calling for withdrawal or modification of the so-called APHIS rule (a new requirement, put forward by the United States Animal and Plant Health Inspection Service, for agricultural inspection fees) so as to minimize impacts on Canadian economic interests and border congestion. A bilateral working group with the support of the department continues to explore alternatives and ways to minimize its impact.

The department worked with United States importers of Canadian seafood products to respond to negative publicity on the seal hunt and attempts to link it to a boycott of Canadian seafood. The seafood boycott has remained contained, with no effects on Canadian industry, and 2007 reports show an overall decrease in interest in the United States in the seal hunt.

Working with Canada's Embassy in Washington and Health Canada, this department helped protect Canadian interests related to Canadian Internet pharmacy exports to the United States. The department corrected misperceptions about Canada's pharmaceutical and health-care regimes, ensuring U.S. awareness of Canadian interests affected by bills in Congress on importation of pharmaceuticals.

In February 2007, Canada hosted the ministerial meeting of the Security and Prosperity Partnership (SPP), bringing together the industry, security and foreign ministers of Canada, the United States and Mexico. Key results included a commitment to conclude a regulatory framework for facilitating trade, while maintaining high standards of health and safety, and establishment of a coordinating body to oversee management in such areas as critical infrastructure protection and border resumption in the event of an emergency. Ministers encouraged further cooperation in energy innovation, efficiency and market facilitation as well as technology development.

The department worked with federal partners to support the North American Competitiveness Council's presentation to ministers of a report on enhancing North America's competitiveness globally, and contributed to developing the government's response.

Significant progress was achieved on a North America pandemic preparedness plan.

***One- to three-year planned outcome:*** *Greater dialogue and understanding among Canadians, Americans and Mexicans.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of advocacy strategies developed and implemented<br>• Activities included in the Canada-United States Advocacy Report Card<br>• Number of visits to departmental websites related to North America<br>• Number and reach of programs and activities that promote the study of Canada in the United States and Mexico and academic, student and youth mobility exchanges | | | |

## Key Results

The department led advocacy efforts in the United States to ensure that legislators, senior officials and other key actors understand Canadian concerns and take them into account when making decisions affecting both countries. Major campaigns were undertaken or continued, including on the WHTI, bovine spongiform encephalopathy (mad cow disease), country of origin labelling and energy security. Canada's missions in the United States are provided with a Key Messages booklet that summarizes Canadian positions on a wide range of Canada-U.S. issues. In March 2007, the department held a forum in Vancouver and San Diego, at which nearly 30 border and supply chain stakeholders from the United States, Mexico and Canada convened for expert presentations, border tours and consultations on the impact of border security measures on the North American supply chain. Participants included the U.S. Department of Homeland Security, Agriculture and Agri-Food Canada, Industry Canada, the Canada Border Services Agency, the RCMP, and the Government of British Columbia.

The Canada-United States energy map highlights the strong energy partnership through key import/export data on oil, gas and electricity. Copies of the map, produced in cooperation with the Canadian Centre for Energy, have been distributed through the Canadian Embassy in Washington and Canadian consulates throughout the United States to state and federal politicians as well as to energy companies such as BP. They have been very effective in promoting Canada as the number one supplier of energy to the United States.

The Canadian Embassy in Washington, in coordination with consulates, brought Canada-United States collaboration on international security to the attention of more than 5,000 individual Americans and more than 600 Congress officials and staffers during six major expositions in four regions of the country.

In 2006-2007, there were approximately 3.8 million visits to departmental websites related to North America, including mission sites.

The department produces the weekly United States Advocacy Report Card to inform and coordinate the work of missions and federal partners. It integrates key background facts and issues as well as ongoing and upcoming advocacy and public diplomacy events and activities by Canada's missions in the United States. This report is distributed for official use to over 300 recipients who work in Canada's missions and for federal partners and provincial governments.

The Canadian Consulate General in Minneapolis—augmented with staff from Agriculture and Agri-Food Canada, financed through the Enhanced Representation Initiative (ERI), and in partnership with Canadian pork producers—successfully advocated with state authorities and legislators in Iowa, Minnesota, South Dakota and Nebraska to generate support for delays in implementing country of origin labelling, which would have negatively affected trade in Canadian pork.

Thirteen consulates in the United States approached over 50 American stakeholders (companies, associations and legislators) that would be affected by the APHIS agricultural inspection fee rule, resulting in 12 of those stakeholders submitting official comments opposing the APHIS rule and many more raising the issue with their respective industry associations.

In 2006-2007, approximately 20 visits or events brought together legislators and/or their staff from Canada and the United States, including the Friends of Canada Caucus of the Canada-U.S. Interparliamentary Group, Congressional Fellows, and the Council of State Governments. These occasions enabled Canadian legislators and staff to broaden understanding of Canada and to advocate on key issues. In February 2007, the premiers of Manitoba, New Brunswick and Ontario met with state governors during the annual National Governors Association meeting. The premiers' advocacy on WHTI helped develop a number of important allies for Canada.

Linkages among researchers were created at an energy roundtable organized by Canadian missions on the sidelines of a University of California at Berkeley energy conference in March 2007. The roundtable assembled key U.S. and Canadian researchers on energy innovation, and gave rise to three new research partnerships. Meanwhile, ERI financing enabled establishment of five networks run out of missions in the United States to advance Canada's interests and foster policy development on issues of long-term importance to Canada in North America, including energy innovation, borders, economic competitiveness and the Great Lakes. The networks foster greater linkages among missions, Canadian federal departments, provinces and other key partners on these long-term issues.

In 2006, the Canada-Mexico Partnership Human Capital Working Group created a website on higher education opportunities in Canada and Mexico, enabling greater mobility of students. That same working group also identified areas of potential Canada-Mexico research collaboration in such areas as water, life sciences, mathematics and modelling, engineering and technology.

***One- to three-year planned outcome:*** *Strengthened North American cooperation on security, prosperity and quality of life.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Ongoing strengthening of Canada-Mexico, Canada-United States and trilateral relationships on common security interests | | | |

## Key Results

The department succeeded in leading, with National Defence, the first political-military talks Mexico has ever held with any country—a critical step in enhancing defence cooperation with this key partner.

Further to the intensive work of the two departments, Canada and the United States signed the renewed NORAD agreement in May 2006, putting it on a permanent footing. This continental defence arrangement provides aerospace defence and surveillance for the two countries under binational command.

## Strategic Priority: A modern and agile department

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *More effective leadership of, and coherence on, international policy issues and strategies.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Whole-of-government country strategy planning process in place throughout the department and missions abroad<br>• Extent to which Heads of Mission are able to coordinate their activities through HOM mandate letters and performance management agreements, using country strategies; level of satisfaction of stakeholders with country strategy process | | | |

## Key Results

The department has developed a country strategy for Mexico and mission strategies for the 14 major missions in the United States. All strategies were reviewed to ensure that objectives were complementary and that missions would be able to work together effectively to implement them. Priorities set out for HOMs in their mandate letters were consistent with those in the mission/country strategies, and HOMs were instructed to build on the strategies in preparing and implementing their performance measurement agreements to hold managers accountable for implementing core services.

## Lessons Learned

Advocacy with the United States requires the long-term cultivation of contacts at many levels to build support for Canada's positions on key issues. State legislators and mayors have proven very supportive of Canada on issues such as WHTI, and are key in sensitizing federal U.S. decision makers to them. This grassroots approach to advocacy has been greatly facilitated by the strengthening, through the ERI, of Canada's mission network in the United States.

The change in the Mexican Administration resulted in a very long transition period, during which progress on many issues was limited. However, the new Mexican President has demonstrated keen interest in working with Canada, fostering a series of high-level ministerial contacts with Canada.

On the trilateral front, the Task Force on Energy and Environment, announced by North American leaders at the Cancun Summit in March 2006, has progressed more slowly than anticipated. Factors include the complexity of issues for all three countries and challenges in engaging the United States Administration.

Work under the SPP has progressed more slowly than anticipated, in part because agencies and departments unaccustomed to working together trilaterally need time to develop effective ways of doing so.

The country/mission strategy process proved somewhat simpler in its second year of use.

## Description of Program Activity (Bilateral Relations—Rest of the World)

**Conducting and promoting Canada's bilateral diplomatic relations in Canada and abroad.**

## Mandate and Context (Rest of the World)

- manages a network of 252 missions worldwide, excluding North America (76 in Europe, 63 in Asia-Pacific, 67 in Africa and the Middle East, and 46 in Latin America and the Caribbean), using a whole-of-government approach;
- fosters a strategic approach to Canada's engagement with the world beyond North America by developing coordinated, whole-of-government country strategies, which focus missions on Government of Canada international priorities and serve as the basis for reallocation of resources to priority countries and regions;
- helps advance Canada's key international objectives pertaining to foreign and trade policies, public diplomacy, defence, immigration and development assistance outside North America;
- continues to be a centre of expertise within the Government of Canada on relations with countries outside North America;
- provides growing support for the international dimension of various domestic programs and activities, ranging from food inspection to public health;
- conducts frequent outreach activities in Canada and countries outside North America;

- maintains an extensive presence for Canadian missions outside this continent on its website, providing country statistics and profiles, information and services for Canadians and non-Canadians, including advice on travel, visas and immigration, trade and development, along with detailed information on mission priorities and activities; and
- carries out its activities in a context of increasing physical danger for Canadian representatives abroad, as many new missions, such as the Embassy in Afghanistan, and some more established ones, such as those in parts of the Middle East and Africa, are operating in or near conflict zones. These and other difficult working environments sometimes complicate the department's delivery of its programming abroad. The department is working on initiatives to address these challenges, as well as to reallocate greater resources to regions identified as government priorities, in a context of overall resource reduction.

## Strategic Priority: A strengthened North American partnership

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Strengthened North American cooperation on security, prosperity and quality of life issues on key areas of interest to Canada.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Extent to which the department has expanded Canada-United States cooperation in third countries and multilateral forums (e.g. Haiti, Afghanistan, APEC) | | | |

## Key Results

The department contributed to the promotion of security and stability in Afghanistan through participation in the International Security Assistance Force and in the training and mentoring of Afghan National Security Forces.

The department supported cooperation on sustainable security and development initiatives in the Pakistan-Afghanistan border regions through bilateral contacts in Washington and Islamabad, maximizing value by ensuring that such initiatives were complementary.

The department led Canada-European Union efforts to develop a results-oriented 2007 Canada-EU Summit with a strong transatlantic component, particularly in trade/investment and energy/environmental security.

Canada contributed to international efforts to meet the humanitarian needs of the Palestinian people and to urge the Hamas-led Palestinian government to renounce terrorism, recognize Israel's right to exist and accept previous commitments, including the Roadmap. Canada also supported U.S. and international efforts to strengthen Palestinian capacity in border management to improve movement and access for Palestinians.

As chair of the International Reconstruction Fund Facility for Iraq Donor Committee, Canada worked closely with the United States as part of the Preparatory Group of the International Compact with Iraq.

Canada also worked closely with the United States on international initiatives aimed at addressing Iran's human rights record and nuclear program.

Canada collaborated with the United States and regional partners to support the multilateral non-proliferation regime. For instance, in February 2007, Canada, Singapore and the United States co-hosted a workshop within the ASEAN Regional Forum on implementation of UN Security Council Resolution 1540 on the proliferation of nuclear, chemical and biological weapons and their means of delivery.

Canada collaborated with the United States and other international partners to support the peace process in Sri Lanka, including engagement in counterterrorism measures such as listing the Liberation Tigers of Tamil Eelam as a terrorist organization under the Criminal Code.

## Strategic Priority: A more secure world for Canada and Canadians

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Improved political and economic stability of failed and fragile states such as Afghanistan, Haiti, Sudan and states in the Middle East.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Support within the G8, NATO, the UN and regional organizations for Canadian positions related to response and peace support capabilities<br>• Extent to which Canada collaborates with key bilateral partners (such as other G8 members, Brazil, Russia, India and China) on issues related to crisis countries | | | |

## Key Results

Canada has worked within the G8, NATO and the UN to mobilize international support for the Afghanistan Compact, a five-year plan covering security, governance and development in Afghanistan. As a result of direct and sustained bilateral engagement, key NATO allies accepted Canada's position on the importance of the ISAF mission and increased their commitment to Afghanistan or supported Canada's position on an enhanced NATO priority for the mission.

The department led a dialogue with the EU, strengthening the rule of law in Afghanistan, and urged individual G8 partners and NATO members to make greater contributions to ISAF.

Canada continues to encourage more direct Japanese government engagement on the ground. As a result of the advocacy efforts of Canada and other countries, Japan agreed to provide funding for Afghanistan civilian and humanitarian projects, and has also resumed construction of the Ring Road in Kandahar province, which is vital for supply lines.

At the strong urging of Canada and other countries, the Republic of Korea extended its military participation in Afghanistan to the end of 2007. Although further extension of its military presence is unlikely, Korea has expressed interest in cooperating in Provincial Reconstruction Team efforts.

Canada has assumed an internationally recognized leadership role in Haiti. The department's contribution to Haiti through the Global Peace and Security Fund is $15 million annually (part of a total Canadian contribution of $135 million per year). A whole-of-government effort in Haiti, coordinated by the department, has contributed to improved security and political stability.

The department led bilateral consultations with China on counterterrorism and security issues including those related to North Korea, Afghanistan, Sudan/Darfur, the Middle East, Iran and Burma. Along with partners, the department worked closely with China in support of extension of the UN Stabilization Mission in Haiti. In response to China's anti-satellite test in January 2007, the department undertook prompt representations condemning China's actions, in coordination with like-minded partners.

On Sudan, the department led Canada's work with the AU, EU, United Kingdom and United States to broker the talks that resulted in the Darfur Peace Agreement. Canada also announced an increase of $40 million in financial support for urgent humanitarian needs and to support the AU mission in Sudan (AMIS) to implement the peace agreement and lay the groundwork for a successful transition to an AU-UN hybrid operation. Canada is the fourth-largest contributor to AMIS. Canada also made contributions to promote peacebuilding initiatives, support implementation of Sudan's peace agreements, strengthen the rule of law, reduce small arms and improve community security.

Canada took on a leadership role in working informally with members of the international community in efforts to address the various challenges facing Palestinian refugees in the interest of furthering an eventual resumption of peace negotiations.

Canada and the EU worked closely in post-conflict nation building in the Balkans in 2006-2007, notably through deployment in Bosnia-Herzegovina of Canadian military (the EUFOR-Althea operation) and civilian police (to the EU Police Mission, or EUPM). Canada used a wide variety of means, including high-level visits, speeches, seminars and op-eds in leading newspapers, to urge European allies to support political and economic stability in failed and fragile states, including Lebanon, Haiti and Sudan.

The department contributed to continued stability and resolution of regional conflicts in Indonesia through community policing training, military justice reform, and support for stabilization and reconstruction efforts. The ASEAN-Canada Joint Declaration for Cooperation to Combat International Terrorism provides a platform on which to base closer counterterrorism cooperation and capacity building.

***One- to three-year planned outcome:*** *Increased capacity of developing states to counter terrorism, corruption and transnational crime.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Increased expertise in developing states on the latest counterterrorism, anti-corruption and transnational crime measures | | | |

## Key Results

Canada has leveraged resources across government to contribute to efforts to confront terrorism and the narcotics trade in Afghanistan by providing training and mentoring to Afghan National Security Forces. Canada has worked with international partners and the Afghan government to champion the reform of the Afghan justice sector to confront corruption and improve Afghan governance capacities.

The department contributed to stability in the Pakistan-Afghanistan border regions through a visit by the Minister of Foreign Affairs, which led to the provision of training and equipment to Pakistani border security and law enforcement officials, as well as to the deployment of a Border Assessment Mission to identify further areas of cooperation. Canada contributed to the resolution of conflicts in Balochistan by financing conflict resolution roundtable sessions.

The Eighth Canada-India Joint Working Group on Counterterrorism involved exchanges on significant

threats to the security of both countries. Canada and India also co-hosted a workshop for regional partners on combatting alternative remittance systems (hawalas), which can be used to hide illegitimate financial transactions, including those that support terrorist groups and activities.

***One- to three-year planned outcome:*** *More timely, coordinated, whole-of-government responses to international crises.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Extent to which new government resources are deployed rapidly to respond to international crises and enhanced security measures | | | |

## Key Results

Canada and the EU negotiated the anticipated June 2007 deployment of Canadian civilian police to the EUPOL mission in Afghanistan and cooperated in development of the Canadian In-Service Training Facility in Kandahar.

The department led Canada's efforts to steadfastly support the Lebanese government amid much political instability. These efforts included the announcement of $55 million in funding, as well as continued support for UN Security Council resolutions 1559, 1701 and 1757.

The department led Canadian efforts, along with others, to promote an end to the brutal conflict in northern Uganda between Uganda and the rebel Lord's Resistance Army. This included posting a diplomat to Kampala and facilitating the largest financial contribution ($1.5 million) to the peace talks, which resulted in a Cessation of Hostilities Agreement.

As co-chair of the Group of Friends of the International Conference on the Great Lakes, Canada helped achieve the most important regional peace initiative in Africa: the Pact for Stability, Security and Development. The pact aims to address pressing security and humanitarian problems and to prevent recurrence of conflict through democratic and economic development.

In the DRC, Canada supported stability and transition efforts by supporting the organization of the first democratic presidential, legislative and provincial elections in 40 years and by sending Canadian observers. Through the Global Peace and Security Fund, Canada funded projects related to the justice sector and to the security of people.

## Strategic Priority: A revitalized multilateralism

***One- to three-year planned outcome:*** *Canada's international contributions to democratic development are more focused and better coordinated.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level and extent of Canadian support and assistance in relation to international electoral initiatives observer missions | | | |

## Key Results

By providing political support and financial assistance, Canada strengthened the capacity of the OAS to promote democracy in the Americas, including through participation in nine electoral observation missions (Peru, Colombia, Haiti, Bolivia, Guyana, Nicaragua, Venezuela, St. Lucia, Ecuador) in the region.

To address Canada's serious concerns over human rights in China and to promote China's adherence to international standards, the department engaged in targeted advocacy in identified priority areas as well as on individual human rights cases. Human rights advocacy was conducted through both bilateral and multilateral channels, up to and including meetings between the Minister of Foreign Affairs and his Chinese counterpart. The annual Canada-China Joint Committee on Human Rights (JCHR) was postponed throughout 2006-2007 in light of departmental efforts to review and reform the JCHR to make it a more effective mechanism for pursuing human rights improvements in China.

As chair of the International Reconstruction Fund Facility for Iraq Donor Committee, Canada provided leadership to multilateral approaches to Iraqi reconstruction and development, taking an active role in UN-organized conferences aimed at preparing for the launch of the Iraq Compact.

Canada and the European Union worked together on a number of initiatives in 2006-2007, notably through Canadian participation in the EU's electoral observation missions to Aceh (Indonesia) and to the DRC.

Canada supported the first gubernatorial and district-level elections held in Aceh, Indonesia, through capacity building for new political parties, a post-election quick count, and the sending of Canadian election observers to participate in the EU-led observer mission. This is in addition to Canada's ongoing assistance to Aceh for post-tsunami reconstruction and post-conflict rehabilitation of communities. Canada's dispatch of six civilian police officers to the UN-mandated stabilization mission in Timor-Leste helped reduce tensions.

The department contributed significantly to democratic development in post-Soviet democracies such as Ukraine and Georgia through ongoing dialogue, strong political support and the provision of election observers through the OSCD. The department coordinated Canada's strong response to the autocratic political regime in Belarus, which included the denial of overflights and stopovers, placement of Belarus on the Area Control List for export controls, and support for democratic forces in Belarus.

***One- to three-year planned outcome:*** *A renewed human security agenda is advanced internationally.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Forums and countries where Canada's Human Security Agenda is promoted and supported<br>• Agreement on Canada's Human Security Agenda<br>• Acceptance of new non-traditional elements of human security, such as the health and urban dimensions of conflict, and corporate involvement in war economies | | | |

## Key Results

In Colombia, the department, through programs financed by the Global Peace and Security Fund, increased protection of the rights of victims, decreased impunity of perpetrators of conflict-related

violence and improved delivery of transitional justice. Canadian support and funding increased access by the Colombian population to legal proceedings and services for victims of the conflict.

***One- to three-year planned outcome:*** *International consensus achieved and progress made on key UN reforms.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Creation of a Peacebuilding Commission at the UN; creation of a Human Rights Council at the UN<br>• The degree to which recommendations of the R2P report are implemented<br>• Adoption by the UN of modern management methods | | | |

## Key Results

Canada took the lead in mobilizing international support at the UN General Assembly for the annual resolution condemning the human rights situation in Iran.

Canadian positions on UN reform were advanced through dialogue with Security Council members.

## Strategic Priority: Greater engagement with like-minded partners in the G8 as well as emerging economies such as Brazil, Russia, India and China

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Enhanced relations with the following G8 partners: France, Germany, Italy, Japan, Russia and the United Kingdom, as well as the European Union.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of country/regional strategies developed and implemented<br>• Level of satisfaction of Government of Canada partners<br>• Nature of relations with G8 partners and the EU | | | |

## Key Results

Missions in G8 countries worked with partners to establish new networks to ensure greater engagement on such key issues as Iran's nuclear program, the Middle East Peace Process and Afghanistan.

Relations with partners in Europe were enhanced over the reporting period. In particular, Germany's 2007 G8 presidency provided an opportunity to collaborate closely with European G8 partners on many areas of common interest such as aid and governance in Africa, climate change and security.

Canada engaged with Germany as the President of the EU and the G8 to shape themes for the Canada-EU Summit in June 2007. As a result, the summit contained two themes of strategic international importance for Canada: peace and security, and energy and environment, in addition to the bilateral trade and investment themes.

Joint statements on bilateral relations and energy cooperation issued by Prime Minister Harper and Russian President Putin on the sidelines of the 2006 G8 Summit contributed to enhanced political relations with Russia and development of business relations that culminated in the March 2007 meeting of the Intergovernmental Economic Commission and Canada-Russia Business Summit.

The department coordinated Canada's cooperation with CARICOM countries, as well as with other key partners such as the United Kingdom and United States, in the context of the Cricket World Cup 2007. The department's efforts led to a significant re-engagement with the Caribbean region, while contributing over $2.8 million for security and health challenges faced by states in the region.

***One- to three-year planned outcome:*** *Strengthened relationships with rising powers (Brazil, Russia, India and China).*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of exchanges between Canada and Brazil, Russia, India and China<br>• Number of agreements reached on a variety of socioeconomic and cultural issues<br>• Results of bilateral consultations with Brazil, Russia, India and China on international security | | | |

## Key Results

After more than two years without any high-level visits to Brazil, the Minister of Foreign Affairs travelled to Brasilia and São Paulo in February and hosted his Brazilian counterpart in Ottawa three months later, paving the way for reciprocal head of state visits in 2007-2008. Engagement with Brazil also included bilateral meetings at the deputy minister level. The signing of four MOUs between different Canadian departments (NRCan, Agriculture and Agri-Food Canada, the Canadian Foreign Service Institute and the National Film Board of Canada) and their Brazilian counterparts also contributed to this objective.

The department worked with partner departments and provinces to forge stronger relations with China and advance Canadian interests and priorities. This included expansion of the scope of the Canada-China Strategic Working Group, a whole-of-government vehicle to advance key strategic priorities. Outcomes included a results-oriented action plan aimed at shaping, guiding and measuring bilateral cooperation with China in shared priority areas. A number of ministerial visits helped strengthen Canada's overall relationship with China, promoted Canada's Asia-Pacific Gateway and Corridor Initiative and led to the signing of a bilateral Science and Technology Agreement.

The department led a process, in collaboration with other federal departments, on the development of a "niche strategy" to guide Canada's engagement with India, focusing on science and technology, energy, environment, agriculture, education and key commercial sectors.

## Strategic Priority: A modern and agile department

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *More effective leadership of, and coherence on, international policy issues and strategies.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Whole-of-government country strategy planning process in place throughout the department and missions abroad<br>• Extent to which Heads of Mission are able to coordinate their activities through HOM mandate letters and performance management agreements, using country strategies<br>• Whole-of-government positions on issues arising at multilateral institutions<br>• Creation of an Americas Strategy | | | |

## Key Results

The department developed an Americas Strategy, approved by the Cabinet Committee on Foreign Affairs and Security in 2006, which sets out the main lines for revival of Canada's engagement in Latin America and the Caribbean. It has already helped restore visibility to Canada and its role in the world, and now that it is in place it promises to position Canada as a leader and key player in the Americas.

The department implemented the new country strategies process in 2006-2007. Missions abroad produced 102 strategies, covering over 200 countries. These documents were the result of extensive consultation with partners.

***One- to three-year planned outcome:*** *Better integration and management of the department's public diplomacy resources.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Development and implementation of a comprehensive public diplomacy strategy<br>• Integration of public diplomacy into country strategies<br>• Level of departmental review/cooperation of public diplomacy resources | | | |

## Key Results

The department reviews the public diplomacy section of each country strategy to ensure that mission activities and resources are aligned with the strategic objectives of the strategy. The information in this section is also the basis on which to assess the allocation and reallocation of certain public diplomacy resources among missions.

The department's review of public diplomacy aims to increase alignment of overall public diplomacy resources with departmental priorities.

***One- to three-year planned outcome:*** *Canadians better informed about, and more engaged in, international policy.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of new domestic outreach programs<br>• Extent to which Canadians provide input into discussion of Canadian foreign policy through such tools as the Internet | | | |

## Key Results

The department's Muslim Communities Working Group worked with partner departments to ensure that Canadian interventions in the Muslim world are better informed and more coherent. The group also provided effective guidance and messaging for Canadian initiatives aimed at engaging Muslim communities abroad for the promotion of good governance, democracy, human rights and the rule of law in South, Central and Southeast Asia, the Middle East and Europe.

***One- to three-year planned outcome:*** *Representation abroad better aligned to reflect shifting distribution of global power and dominance.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Extent to which resources are reallocated according to the country strategy process<br>• Extent to which resources (human and financial) are aligned to mission recategorization initiative | | | |

## Key Results

The country strategies process was used to reallocate 56 program and common services positions from lower- to higher-priority areas at headquarters and missions abroad. This result, while modest in terms of the overall number of positions abroad, represented a significant advancement in planning. During the 2006-2007 exercise, the greatest reallocation effort was made with respect to Afghanistan, with new positions created in Kabul and Kandahar.

## Lessons Learned

On the Palestinian refugee issue, it may be effective to convene smaller, more specific working groups, including one on improving the situation of Palestinian refugees in Lebanon.

Programming using a variety of channels (government, non-government, multilateral, UN, intergovernmental) to support a single objective increased the likelihood of achieving significant and lasting results.

The frequency of high-level visits should better match Brazil's importance in the Americas and on the world stage. Increasing other government departments' knowledge of the department's bilateral activities with Brazil is key to creating synergies. The Interdepartmental Working Group on Brazil, chaired by the department, has been very valuable in this regard.

The department will further refine the country strategy process to improve mechanisms for consultation with federal partners. It will also develop methods and tools for the systematic analysis and assessment

of the strategies in order to improve feedback to missions and to compare how specific issues are dealt with across the network.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| Planned Spending | Total Authorities | Actual Spending |
| 165.7 | 140.1 | 127.0 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| Planned | Actual | Difference |
| 1,009 | 950 | (59) |

## Program Activity: Protocol

### Description of Program Activity

**Managing and facilitating the presence of foreign diplomats in Canada as well as planning and leading official travel by the Governor General, the Prime Minister, Ministers of the Portfolio and all official diplomatic events.**

### Mandate and Context

- regulates the accreditation of foreign diplomatic and consular representatives to Canada, including officials with international organizations, and coordinates interaction between the Government of Canada and foreign representatives in this country;
- coordinates the accreditation of Canadian HOMs abroad;
- manages questions of privileges and immunities with respect to foreign representatives in Canada to fulfill or comply with Canada's legal obligations and responsibilities under the Foreign Missions and International Organizations Act (which incorporates the Vienna Conventions on Diplomatic and Consular Relations) and the State Immunity Act;
- liaises with partner organizations on security issues related to foreign representatives in Canada;
- monitors the compliance of accredited foreign diplomats resident in Canada with the regulations and policies that govern them, thereby helping to protect Canadians (http://geo.international.gc.ca/department/protocol/protocol_home-en.aspx). The Vienna Convention on Diplomatic Relations gives diplomats immunity from arrest and detention and from the criminal jurisdiction of a state. Where criminal charges are laid, it is Canadian policy to request a waiver of immunity so the person can be prosecuted here. If a state refuses to waive immunity, Canada expects that state to take appropriate action against the diplomat;
- administers, through an MOU with Public Works and Government Services Canada, annual payments in excess of $10 million under the Payments in Lieu of Taxes Program to eight municipalities in lieu of real estate taxes, local improvements costs, and development or redevelopment taxes on diplomatic and consular property owned by foreign states;

- manages official travel abroad by the Governor General, the Prime Minister and Ministers of the Portfolio as well as high-level visits to Canada of guests of the Governor General, Prime Minister and Portfolio Ministers and all associated official diplomatic events;
- provides cost-effective expertise and assistance to federal partners in planning, coordinating and staging major international conferences, summits and special events in Canada; and
- manages airport courtesies for foreign dignitaries, while complying with the policies and regulations put in place by partners (airport authorities, Transport Canada, Canada Border Services Agency, Canadian Air Transport Security Authority, Citizenship and Immigration Canada) and at the same time managing the expectations of our clients.

The department focuses the attention of the foreign diplomatic community in this country on opportunities for expanded political cooperation and economic ties between Canada and other nations as well as between Canada and its partners in multilateral organizations. In any given year, there are between 7,500 and 8,100 foreign diplomats, spouses and dependants accredited to, and resident in, Canada, representing 125 independent states. Each month, an estimated 200 foreign representatives arrive in Canada to begin assignments in diplomatic, consular and/or other bilateral or multilateral affairs while, at the same time, another 200 end their postings in this country. A regularly updated list of foreign representatives currently in Canada as well as their office addresses is available at http://w01.international.gc.ca/Protocol/pdf/DrsBook_2007_07_eng.pdf.

It should be noted that there are also 48 states that have non-resident diplomatic relations with Canada. Their diplomatic personnel are located in Washington, D.C., or New York City. An additional six independent states (Bahrain, Central African Republic, Chad, Comoros, Swaziland and Turkmenistan) maintain diplomatic relations with Canada but choose not to have personnel accredited to Canada at this time.

## Strategic Priority: Greater engagement with like-minded countries in the G8 as well as emerging economies such as Brazil, Russia, India and China

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Enhanced relations with the following G8 partners: France, Germany, Italy, Japan, Russia and the United Kingdom as well as the European Union.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Nature of relations with G8 partners and the EU in Canada<br>• Number of outreach events organized and level of satisfaction among these Heads of Mission accredited to Canada, possibly through client feedback forms | | | |

### Key Results

During 2006-2007, the department maintained and improved its capacity to deliver effective programs related to accreditation, privileges and immunities for foreign representatives in Canada, which is a legislated service under the Vienna Conventions. The department also reviewed outreach for foreign representatives in Canada and maintained and improved its capacity to deliver an effective program. It continued to deliver consistent, high-quality service to visiting delegations and to effectively coordinate official events abroad, as well as airport courtesies across Canada.

The department successfully coordinated the increasing formal interaction between the Government of Canada, the provinces and approximately 8,110 foreign representatives in Canada (e.g. the accreditation of consular officers in provincial capitals).

The department also closely monitored the compliance of accredited foreign diplomats in Canada with the domestic and international regulations and policies that govern them. The department maintained its standard of 15 working days to process accreditation cards for the diplomatic community, despite substantial increases in the volume of work, as evidenced in the following statistics:

- The 5,291 accreditation requests processed in 2006-2007 represent a 43 percent increase since 1999 and a 13 percent increase over 2005.
- In 2005 (the latest year for which statistics are available), the number of new diplomats reflected a 55 percent increase since 1996 and a 10 percent increase since 1999.
- The number of accredited foreign representatives in Canada increased 11 percent between 2003 and 2006.
- In 2006, the department was responsible for managing the activities of 711 offices covered by the Foreign Missions and International Organizations Act, an 8 percent increase since 2000 and a 29 percent increase since 1993.
- The department managed 223 RCMP Liaison Officer files in 2006, an increase of 97 percent since 2001 and 20 percent since 2004.

The department continued to work bilaterally to eliminate imbalances in the tax treatment and benefits granted to diplomats—both Canadian diplomats working abroad and foreign diplomats in Canada. The department improved and readjusted reciprocal tax privileges with Bangladesh, Ghana, Ireland and Rwanda. It also pursued an in-depth review of the fiscal reciprocal frameworks with South Africa, Spain and the United States. These negotiations were still under way at year's end.

The department organized briefing sessions on:

- the role and services it provides to the foreign diplomatic community;
- social welfare programs available to the diplomatic community; and
- pandemic and emergency preparedness.

The department met with the consular corps of British Columbia and Quebec to promote its protocol services and activities. These outreach activities were warmly welcomed by the diplomatic community, as evidenced by the high rates of participation (more than 100 participants on all occasions), and are instrumental in maintaining and improving the security of foreign missions and representatives in Canada.

The department successfully managed visits to Canada and official events for the King and Queen of Sweden; Prince Philip of Belgium; the Prime Minister of Japan; the President of Latvia; Foreign Ministers of the Czech Republic, the Netherlands, Armenia, Croatia and Norway; the Belgian Minister of Trade and the Russian Minister of Agriculture, as evidenced by the number of letters of appreciation and other positive feedback received. No complaints were received.

Events abroad were successfully planned, as follows: in France (one event), Germany (two), Japan (two), Russia (two) and the United Kingdom (five). The department successfully organized two major international conferences in Canada: the Ministerial Conference of La Francophonie on Conflict Prevention and Human Security in St. Boniface, Manitoba, in May 2006 (53 countries and 10 observer countries attended, including France, Austria, Belgium, Bulgaria, Croatia, Greece, Hungary, Luxembourg, Romania, Slovenia and Slovakia); and the SPP meeting in Ottawa in February 2007. The department received many letters of appreciation for these events and conferences, along with other positive feedback.

Each successful visit and event contributes positively to relations between Canada and the foreign government involved.

***One- to three-year planned outcome:*** *Strengthened relationship with rising powers (e.g. Brazil, Russia, India, China).*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of exchanges between Canada and Brazil, Russia, India and China in Canada<br>• Number of outreach events organized and the level of satisfaction among these Heads of Mission accredited to Canada, possibly through client feedback forms | | | |

## Key Results

Ambassadorial Economic Missions—to Kitchener/Waterloo in July 2006; to Calgary, Edmonton and Fort McMurray in November 2006; and to Montreal in February 2007—introduced an average of 25 foreign Heads of Mission (HOMs) to representatives of a variety of economic sectors important to Canada, such as high technology, oil and gas, aerospace and pharmaceuticals.

The annual two-day Diplomatic Forum provides an opportunity for approximately 100 foreign HOMs to be briefed by Canadian federal and provincial government ministers on a variety of foreign and domestic economic and defence issues. This year's forum, in June 2006, was staged in Whitehorse.

The Northern Tour (also in June 2006) provided approximately 20 HOMs with an opportunity to be introduced to the economic and cultural vitality of Canada's North during a one-week visit to five northern communities in all three territories.

The department has been cited by foreign HOMs and a number of foreign governments as being the only foreign ministry that plays an active role in providing the diplomatic community with such a wide variety of economic, cultural and social interaction within a country.

The department also successfully managed events with Brazil (one) and China (two). These activities facilitated productive exchanges between the leaders of these countries and the Government of Canada.

## Strategic Priority: A modern and agile department

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *More efficient and effective corporate services in support of the department, as well as partners, and a more secure platform at home and abroad.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Demonstrated compliance with standards of treatment, according to established criteria<br>• Level of satisfaction with coordinated events and other arrangements expressed by visiting dignitaries and delegations or by Government of Canada dignitaries and delegations travelling abroad<br>• Level of satisfaction expressed by Heads of Mission regarding security of foreign missions and representatives in Canada | | | |

## Key Results

The department liaised with partner organizations on security issues related to foreign representatives in Canada. This included vigilant monitoring of infractions by diplomats in Canada and liaison with federal, provincial and municipal police services regarding criminal activity or breaches of the law related to issues including impaired driving charges, victims of crime and violence, and debt payments.

The department undertook initiatives to strengthen the accountability and transparency of the Payment in Lieu of Taxes Program, better managing risk and ensuring a culture of integrity. Initiatives included realigning resources to support efficient program delivery, enhancing the existing risk management framework and ensuring fair and equitable payments to real property taxing authorities.

The department planned 6 visits abroad by the Governor General, 9 foreign visits by the Prime Minister, 27 by the Minister of Foreign Affairs, 6 by the Minister for International Trade, and 6 by the Minister for International Cooperation. Each visit was carried out in compliance with established standards of treatment. Many letters of appreciation were received and informal gratitude was also expressed throughout the year. No complaints were received.

The department effectively managed approximately 331 official events this year.

The department is regularly called upon by all levels of government in Canada, as well as by Canadian and foreign embassies, to give advice on international conferences and official events.

## Lessons Learned

The department's specialized briefings have helped members of the diplomatic community gain a better understanding of their role and obligations in the event of an emergency. Given the positive feedback, these briefings will continue. Briefing sessions for the diplomatic community on pandemic preparations and emergency preparedness have also been well received and will be maintained as an ongoing activity.

Continued logistical support to the offices of the Governor General, Prime Minister and Portfolio Ministers help ensure the success of each visit in order to advance Canada's interests abroad.

The Ambassadorial Economic Missions have proven to be an invaluable addition to the department's outreach activities and have led to a better understanding among the diplomatic community of Canada's economy and foreign investment and trade opportunities.

The success of the Ambassadorial Economic Missions, Diplomatic Forum and Northern Tour and the documented accolades the department has received from foreign Heads of Mission underscore the importance of maintaining resources dedicated to organizing these events.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| Planned Spending | Total Authorities | Actual Spending |
| 38.7 | 43.4 | 42.5 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| Planned | Actual | Difference |
| 59 | 63 | 4 |

## SO 2: SERVING GOVERNMENT ABROAD

## Program Activity: Common Services and Infrastructure (Support from Headquarters and Missions Abroad)

### Description of Program Activity

**Managing and delivering headquarters- and mission-provided common services to government programs and partners operating abroad.**

### Mandate and Context

- directs and oversees the financial and corporate information systems as well as the planning and coordination of common services abroad;
- provides functional direction, support and oversight to the financial operations of missions abroad, including international banking;
- provides strategic direction and planning for Canada's representation abroad, including policy coordination for its provision of services and infrastructure to partner departments and co-locators at missions abroad;
- manages and delivers select human resource services in support of government programs delivered abroad;
- manages and delivers information technology and telecommunications in a cost-effective and sustainable manner (delivering 180 million emails and 20 million voice messages per year);
- manages and delivers real property services and assets abroad through a physical resources special operating agency (108 official residences and 242 missions chanceries); and
- manages and delivers security services.

### Strategic Priority: A modern and agile department

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *More effective leadership of, and coherence on, international policy issues and strategies.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Whole-of-government country strategy planning process in place throughout the department and missions abroad<br>• Extent to which Heads of Mission are able to coordinate their activities through HOM mandate letters and performance management agreements, using country strategies<br>• Whole-of-government positions on issues arising at multilateral institutions | | | |

## Key Results

The first-ever multilateral mission strategy process was successfully concluded, with whole-of-government mission strategies now in place for Canada's missions to multilateral organizations. Multilateral mission strategies have ensured alignment of Government of Canada strategic policy priorities with mission activities and resources. Mission strategies provide a clear framework for objective-setting and measurement of results achieved.

HOM mandate letters have been instituted for new HOMs of multilateral missions. HOM mandate letters, performance management agreements and multilateral mission strategies have been implemented as a coherent package, leading to enhanced coordination of HOM and mission activities and their alignment with whole-of-government priorities. Key stakeholders among other government departments, who were extensively consulted, provided input to and expressed satisfaction with the multilateral mission strategy process. Key stakeholders continue to be engaged and consulted through a DFAIT-led interdepartmental committee on multilateral activities.

***One- to three-year planned outcome:*** *Representation abroad better aligned to reflect shifting distribution of global power and dominance.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Extent to which resources are reallocated according to the country strategy process<br>• Extent to which resources (human and financial) are aligned to mission recategorization initiative | | | |

## Key Results

A new mission categorization was approved conceptually at the DM level in the fall of 2006. Progress was made on the development of the common service categorization tool, which was tested in March 2007 with a number of case studies based on the prototype. As a result, the matrix was expanded to incorporate information on additional factors at mission.

***One- to three-year planned outcome:*** *Better management of, and accountability for, financial and non-financial resources.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Implementation of comptrollership agenda<br>• Improvements in management and administrative processes | | | |

## Key Results

Common services delivered to partners abroad are guided by the Service Delivery Standards document rooted in the generic Interdepartmental MOU on Operations and Support at Missions Abroad. The document is used by missions to adopt generic standards or redraft them in consideration of local conditions.

Key performance indicators selected to assess service delivery at missions will inform annual reports on the effectiveness of services, and refine and continuously improve the administrative processes and management of services delivered at missions.

A Guide on Budget Management was developed and implemented to support a comprehensive approach to budget management and to improve allocation of funding to priorities for managers.

The following initiatives were undertaken to improve financial management at missions:

- Risk management assessments for financial operations at missions have been completed and a monitoring process has been established in accordance with the level of risks.
- The banking process has been reviewed to reduce the handling of cash at missions.
- Payments have been made to suppliers in foreign currency using the Standard Payment System.
- A business case has been developed to collect revenues through the Internet.

***One- to three-year planned outcome:*** *Common services and infrastructure (support from headquarters): common services to government programs and partners operating abroad managed and delivered satisfactorily.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number and type of complaints and compliments received from partner departments | | | |

## Key Results

In fiscal year 2006-2007, 15 complaints were received by the department's Common Services Abroad, Planning and Coordination Division. All complaints were resolved to the satisfaction of the requestor, which translates into a 100 percent success rate at problem resolution.

The department received a number of compliments over the course of the year. These ranged from positive comments from interdepartmental and departmental directors general with respect to the transparency of the department's activities, to the overall high degree of satisfaction expressed by director-level partner department representatives regarding the efficiency and effectiveness of the Interdepartmental Working Group on Common Services Abroad as a venue for common services policy and implementation situation resolution. Partner and co-locating organization clients equally recognized the department's constant and palpable efforts to streamline its business processes, notably the increase in the speed of position change requests.

***One- to three-year planned outcome:*** *Common services policy and coordination: agreements on interdepartmental services abroad successfully negotiated, coordinated and administered.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of agreements on interdepartmental services abroad successfully negotiated, coordinated and administered | | | |

## Key Results

The department coordinated all aspects of negotiations resulting in the ratification of the Interdepartmental MOU on Operations and Support at Missions Abroad by Veterans Affairs Canada and

the Canada Border Services Agency. As well, a new Annex to the Interdepartmental MOU was signed by the Department of Justice Canada pertaining to the particular modalities of a program abroad.

With regard to organizations co-located with Canada's mission establishment abroad, the department has successfully administered position increases from Export Development Canada and the Government of Ontario, as well as the expanded presence of the Government of Quebec in Canada's mission to UNESCO in Paris. The department also administered the final phases of Telefilm Canada's withdrawal from Canada's network abroad.

***One- to three-year planned outcome:*** *Establishment of a physical resources special operating agency: real property services and assets abroad managed and delivered effectively through the agency.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of client satisfaction with management and delivery of real property services and assets abroad<br>• Percentage of projects completed within cost and schedule parameters | | | |

## Key Results

The department regularly performs project evaluations on its major projects in accordance with procedures under its ISO 9001:2000 certification. During 2006-2007, evaluations of completed projects were solicited from six missions and four were received. Evaluations of mission performance are also completed by HQ project teams to provide a "60 degree" view. The results ranged from highly favourable on two projects (i.e. 80 to 90 percent ratings) to less favourable (55 to 62 percent ratings) on two others and incomplete on two more. Based on information and feedback received, the average satisfaction level was 72 percent.

The department's record on meeting major property project cost and schedule objectives during 2006-2007 was similar to that of previous fiscal years: 94 percent of projects delivered met the Effective Project Approval (EPA) Cost Objective, and 88 percent were delivered within three months of the EPA Schedule Objective.

## Lessons Learned

Key lessons learned include the strategic prioritization and business planning value of multilateral mission strategies, including direct contributions to human and financial resource allocation and alignment decisions and management issues. Mission strategies also contributed to enhanced intra- and interdepartmental coordination in the area of Canada's multilateral engagement, providing greater visibility and coherence to the multiplicity of Government of Canada interests at stake in Canada's extensive multilateral memberships. Mission strategies have proven to be a useful tool for bringing greater rigour and discipline to Canada's multifaceted multilateral engagement.

Negotiating new agreements is a lengthy process, and achieving this goal is best supported by knowledgeable staff with an understanding of the implications of the clauses in the agreement and by regular communication with clients.

Evaluation questionnaires received from stakeholders resulted in several improvement initiatives during 2006-2007 in response to suggestions received. All lessons learned contained in project evaluation

reports on major property projects were compiled and retained in a database for consultation by project managers.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| Planned Spending | Total Authorities | Actual Spending |
| 843.5 | 853.1 | 850.2 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| Planned | Actual | Difference |
| 5,713 | 5,036 | (677) |

# SO 3: SERVING CANADIANS ABROAD

## Program Activity: Consular Affairs

### Description of Program Activity

**Managing and delivering consular services to Canadians.**

### Mandate and Context

- prepares Canadians for international travel by informing them about safe travel habits and providing them with credible and timely information and advice to enable them to make responsible decisions about travel to foreign countries (see http://www.voyage.gc.ca/consular_home-en.asp);
- assists Canadians outside Canada in handling trouble or emergencies, in cooperation with partners and missions abroad;
- manages an Operations Centre 24 hours a day, seven days a week, monitoring world events and functioning as a federal call centre during major international incidents and crises;
- as part of its consular cost-recovery initiative, strives to maintain consular service standards established in 1996 (see http://www.voyage.gc.ca/main/about/service_standards-en.asp), making them public and using them to assess and report on performance; and
- provides technological and program services support for delivery of the Consular Program at headquarters and missions abroad.

The Consular Program offers services at 262 of the department's 297 points of service abroad—at 149 missions (embassies, high commissions, permanent missions, consulates general, consulates, offices and representative offices); 97 consulates headed by honorary consuls; and 16 locations where service is provided by the Australian and Swedish governments, according to consular sharing agreements between Canada and these countries.

Consular assistance to Canadians who encounter problems abroad serves two basic—and vitally important—purposes: protection and assistance. Serious consular cases, which tend to attract media and public attention, have the potential to generate bilateral and/or multilateral foreign policy issues.

At missions abroad, consular staff manage individual consular cases; provide emergency responses during major incidents and crises; deliver other services such as provision of passports, citizenship services, legal and notarial assistance; and undertake special activities such as helping Canadians to vote in Canadian elections.

The department also manages the Honorary Consul Program abroad. Honorary consuls provide a first line of emergency consular assistance and carry out certain routine consular services. They often play an important role in the development of commercial and economic relations, and may also engage in public affairs, representational work and other activities related to Canadian interests abroad.

Consular services are supported by a number of fees paid by the travelling public. These include a portion ($25) of the charge for passports and other travel documents, as well as specialized fees for notarial, legal and other services (see http://www.voyage.gc.ca/main/about/consular_fees-en.asp). Last year, this amounted to $76 million in revenues from fees for passports and other travel documents, and

$3.2 million from fees for notarial, legal and other services. All fees collected are used to maintain and improve Canadian consular services around the world.

## Strategic Priority: Strengthened services to Canadians, including consular, passport and global commercial activities

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Increased capacity to deal with growing demands and emerging challenges placed on the Consular Program.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Success in establishing a sustainable and stable funding base<br>• Enhancement of training program and percentage of staff receiving training<br>• Level of staff satisfaction with training and with the new Consular Framework and Strategy | | | |

### Key Results

Funding challenges have led to operational monies being used to pay for salaries. The department is finalizing a permanent solution, which will stabilize the bureau's funding base by readjusting reference levels to reflect historical spending. In the meantime, in-year financial transfers were made, enabling the bureau to use its full operations budget in 2006-2007 and therefore dramatically increasing its ability to deal with emerging challenges.

A crisis overseas may lead to spikes in demand for consular services that stretch the department's capacity to respond. Accordingly, DFAIT maintains a Crisis Team Roster, which staff from all branches are invited to join. In 2006-2007, 198 such departmental employees completed the Call Centre's new Crisis Training Workshop. During the DFAIT-led evacuation from Lebanon in the summer of 2006, this roster was used—and expanded—resulting in 215 DFAIT employees being temporarily reassigned to work in the Consular Program. The department was thus able to respond to 45,000 telephone calls and 13,000 emails, and to place 30,000 calls to provide information and details of confirmed maritime departure schedules. This experience demonstrated that advance planning and training are key components of the department's capacity to focus resources on a crisis.

Staff development is also important to developing the department's capacity to act. In addition to advising mission consular agents on how to manage a client's case, headquarters staff communicate case updates to a family contact in Canada (when they have the client's permission to do so). Headquarters staff also manage emergency cases when missions are closed. Thirty-three staff at headquarters (approximately one third of the total) completed the Ottawa Distress Centre's Telephone Intervention Techniques workshop series, which included sessions on call management, empathic communication, mental health, bereavement, and dealing with callers in distress and crisis.

A specialized five-day honorary consul course was given to six participants in 2006-2007.

In accordance with recommendations arising from the Arar inquiry, the department launched a two-day Torture Awareness Workshop in January 2007 to raise awareness about detecting the torture of Canadians detained abroad, and to develop a framework for reporting cases of suspected torture so that appropriate action can be taken. In accordance with recommendations arising from the Arar inquiry, 85

DFAIT staff participated in the department's Torture Awareness Workshop in January 2007: 61 staff from missions abroad and 24 staff who are based in Canada and/or will soon be posted abroad. Participants gave the course a high rating, and some have already reported using the knowledge gained.

Seventy-one staff participated in the 10-day Consular Specialists course, which was delivered three times last year. Two five-day basic consular courses reached 28 participants; and two two-day consular briefings were attended by a total of 35 participants. An analysis of the participant evaluations demonstrates strong satisfaction: 89 percent of respondents agreed or agreed strongly that "the quality of the course material was high" and 92 percent agreed or agreed strongly that "my knowledge and/or skill increased as a result of this course."

***One- to three-year planned outcome:*** *Continued delivery of high-quality consular services.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Consular Framework developed, adopted and implemented<br>• Level of client satisfaction (timeliness and quality of services)<br>• Degree to which service standards are met | | | |

## Key Results

Consular staff opened more than 244,000 new cases during the fiscal year—12 percent more than the previous year (which itself reflected a 15 percent increase over the year before that). Of these new cases, more than 5,700 were related to Canadians in distress, including over 1,800 arrest and detention cases, 900 deaths, 70 international child abductions, and 700 well-being or whereabouts cases. Passport issues made up the largest category, representing 59 percent of the new cases opened. The biggest increase, 56 percent, came from new cases opened for the Registration of Canadians Abroad (ROCA) program, largely during the crisis in Lebanon. It is important to point out that a single case may represent many Canadians: a family of five, for example, could be represented by one ROCA case.

The DFAIT-led evacuation of Canadians from Lebanon in July and August of 2006 was by far the largest and most successful evacuation ever mounted by the Government of Canada. Moreover, there were considerable challenges: the Israeli air and sea blockade, the deterioration of communications networks within Lebanon, the serious capacity shortages of Lebanon's port infrastructure, high international demand for limited commercial maritime and airlift capabilities for immediate use, and the distance between Canada and Lebanon. Arriving at an understanding of how many Canadians were at risk was also challenging. Although 11,000 people had registered with the Canadian Embassy in Beirut prior to the crisis, there were 39,000 registered at its height. Working with other governments (Israel, Lebanon, Cyprus and Turkey), Canada evacuated 14,370 people between July 19 and August 15. DFAIT led this evacuation in cooperation with eight other Canadian government departments, most notably DND and Citizenship and Immigration Canada.

In addition to case work and crisis work, departmental agents also respond to a variety of routine questions. In 2006-2007, a total of 1.3 million Canadians were assisted by consular staff around the world.

Following the adoption of the Consular Framework, a document called *A Framework of Operations* was posted on the Internet (http://www.voyage.gc.ca/main/about/framework-en.asp) in order to be transparent to Canadians about the limits to consular service. The Framework, which is being implemented by staff abroad, spells out clearly identified limits to service and, together with strengthened

consultations with Passport Canada and Citizenship and Immigration Canada, is helping to cope with increased demand.

Client feedback forms demonstrated an overall satisfaction rate of 96 percent in 2006-2007 and a very high level of client satisfaction with the speed of service, the quality of information provided and staff courteousness.

Clients also report a high degree of trust in the "Travel Safe" materials developed and published by the department. In fact, 96 percent of travelling Canadians said they have "a great deal" or "some" trust when asked, "How much would you trust travel information on safety and security issues from the Government of Canada?" Depth of knowledge and reliability/accuracy were the main reasons cited by those surveyed.

In general, consular performance is tracked according to three service standards. First, Canada's missions abroad are asked to make regular contact with long-term Canadian detainees. The frequency of contact reflects local conditions: once every three months (e.g. in much of Latin America, Africa and Asia), once every six months (e.g. in much of Western Europe) or once every 12 months (e.g. in the United States, where over 70 percent of these detainees are located). As of March 31, 2007, missions reported meeting these standards 80 percent of the time. Second, missions are asked to report on their ability to accept, review and forward citizenship applications to Canada within the 10-day service standard. During 2006-2007, they reported doing so successfully with 84 percent of the applications. Finally, missions are monitored on their ability to meet the 15-day service standard for passport issuance. This year they regularly exceeded this standard, with an average turnaround time of less than 10 working days.

***One- to three-year planned outcome:*** *Deepened understanding on the part of the Canadian public and media of the nature and extent of consular services.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number, nature, timeliness and quality of consular communications (publications, news releases, press conferences, public announcements) for the Canadian public and the media; level of client satisfaction with consular communications | | | |

## Key Results

Fiscal year 2006-2007 was marked by three major communications events: the Minister of Foreign Affairs launched the 2006 edition of *Bon Voyage, But...;* the crisis in Lebanon focused attention on consular advice to travellers in the region; and the sponsorship program for Travel Safe publications was terminated.

Efforts were made to improve consular advice to travelling Canadians. Operational monies were used to update and print a new edition of *Bon Voyage, But....* This updated edition of "essential information for the Canadian traveller" was launched by the Minister (and 2.7 million copies were subsequently distributed). Journalists from 10 news outlets attended the launch, which was timed to coincide with the opening day of hurricane season.

Electronic mail-outs were used to inform journalists and travel industry workers of new publications and updates. During the past year, the following new fact sheets were released: *Tips for Travelling with Children, New U.S. Entry Requirements, Hurricane Season Travel Tips, Drugs and Travel* and *Registration*

*of Canadians Abroad.* A new brochure, *Well on Your Way: A Canadian's Guide to Healthy Travel Abroad* was developed with the Public Health Agency of Canada and will be released soon. Several existing publications were updated, including *Her Own Way, Retirement Abroad* and *Dual Citizenship.*

Country-specific Travel Reports were updated approximately 1,840 times in 2006-2007. The department also released 27 Official Warnings and 699 Current Issues items to ensure that publications and travel information were relevant to the needs of Canadians, up-to-date and accessible.

To ensure that Canadians had access to up-to-date material during the crisis in Lebanon (and reduce the need to call the department for the most recent information), the department updated the relevant Travel Reports nine times and published 118 related Current Issues items on the consular website (www.voyage.gc.ca).

During the fiscal year, the website attracted 4.2 million visitors (this number would double if visits by search engines and indexing robots were included). There were over 15,000 subscribers to the email Travel Updates at the end of the year, a remarkable 25 percent increase from the previous year. Another impressive indicator of value comes from a Google report that showed that more than 3,650 other websites link back to the department's consular site.

Regarding the quality of the information being provided, the consular website received an award of excellence in January 2007 from the Clerk of the Privy Council and the Secretary of the Treasury Board in recognition of the department's Government On-Line achievements. Awards were presented "to departments and agencies that have exceeded targets, or have otherwise demonstrated outstanding leadership and results in fostering broad horizontal collaboration while improving government services for Canadians, Canadian businesses, and international clients."

The results of a survey conducted in Canadian airports in March 2007 also convey a strong indication of the perceived quality of consular materials. A majority of respondents (87 percent) who had seen travel advisories from the Government of Canada stated that they were useful or very useful. Almost a third of this group (29 percent) said that the information they read in the advisory made them change their behaviour. Nearly one half (46 percent) of the travellers surveyed reported being familiar with *Bon Voyage, But....* Of these, 68 percent stated that it was somewhat or very useful. When asked to identify the most useful aspects of *Bon Voyage, But....,* travellers identified a wide range of priorities:

- 15 percent cited information about health risks or health tips;
- 14 percent cited information on duty-free/customs allowances;
- 13 percent cited safety tips;
- 11 percent preferred information on vaccinations;
- 10 percent mostly appreciated information on the location of Canadian embassies and consulates; and
- 10 percent favoured the preparation/travel tips.

In addition, the airport survey revealed that the vast majority of travellers would make use of Government of Canada resources if they encountered trouble while travelling abroad. Three in four respondents said they would contact the Canadian embassy in case of trouble; this compares favourably to 9 percent who said they would contact local police, 4 percent who said they would contact local friends or family; and 1 percent who said they would call home.

## Lessons Learned

The evacuation from Lebanon highlighted the need to increase the department's capacity to respond quickly to a crisis. Advance planning and close cooperation with other departments are both crucial components of this capacity. The Contingency Planning Assistance Team (CPAT) is a joint venture with DND to visit high-risk countries in order to develop operational plans for assistance to Canadians. During

the fiscal year, CPAT visited and improved our joint capacities to respond in five countries: the DRC, Nigeria, Côte d'Ivoire, Colombia and Panama. The department has recognized the importance of expanding its response mechanisms and has stimulated discussion on various options for an interdepartmental rapid deployment team. Another challenge lies in the adaptation of government-wide financial approval processes: the department needs to have the financial capacity to act quickly during the early stages of a crisis that threatens the lives of Canadians.

The high volume of calls generated during the evacuation from Lebanon highlighted the usefulness of the ROCA system in collecting and managing information related to the whereabouts of Canadians in a crisis. This experience led staff to call for a more client-centred registration system, which could be used by Canadians abroad to access and update the information we have on their whereabouts (especially as they move to safer locations or, in quieter times, as they register ongoing travel plans and contact numbers). A pilot for a new version of ROCA was developed and tested during 2006-2007.

Although the department is proud of the high satisfaction scores it receives from clients, it continues to be discouraged that fewer than half of the Canadians who travel abroad are aware of the consular website. The usual strategies to deal with this kind of communications challenge (e.g. television, newspaper and Internet ads) are expensive. The department is thus implementing alternative strategies: it is more clearly identifying target groups, redesigning the website to make it easier for new clients to use and making it more likely that search engines will find the site.

It is also clear that the public still does not understand the limits of consular assistance, in spite of the department's targeted outreach program. The department will re-examine the means of disseminating its main messages regarding the limits to service (including the fact that consular agents do not provide legal advice, pay medical expenses, secure the release of Canadians, nor seek preferred treatment for Canadian detainees). Further details are available at http://www.voyage.gc.ca/main/about/who_what-en.asp.

Although Canadian visits to the United States have been increasing, along with visits to all other countries, the number of visits to the U.S. has been increasing more slowly than visits to other destinations. The Conference Board of Canada has pointed out that the U.S. is in fact losing Canadian market share. The Conference Board believes that this is due to a combination of factors: increased security post-9/11; changing travel tastes among aging boomers; and a growth in air capacity to, and tourism infrastructure in, destinations in Asia, Eastern Europe, the Caribbean, and Central and South America. This trend toward non-U.S. destinations is likely to accelerate with the full implementation of the WHTI, which requires Canadians to have a passport to cross into the United States.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| **Planned Spending** | **Total Authorities** | **Actual Spending** |
| 51.7 | 116.2 | 107.9 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| **Planned** | **Actual** | **Difference** |
| 405 | 443 | 38 |

# Program Activity: Passport Services

## Description of Program Activity

**Managing and delivering passport services to Canadians (through the use of the Passport Revolving Fund).**

## Mandate and Context

Passport Canada is responsible for the issuance, revocation, refusal, recovery and use of Canadian passports. It provides guidance to the department's missions about issuing passports abroad and supervises all matters related to Canadian travel documents. Passport Canada provides travel documents featuring the best in anti-fraud protection, while maintaining a high level of client service. Funding for the operations of Passport Canada, a special operating agency of the department, is generated by fees charged for its services. In this regard, it is much like a private sector enterprise.

Passport Canada offers over-the-counter services at its 33 issuing offices across the country and at designated outlets of Canada Post, Human Resources and Social Development Canada, and Service Canada, which serve as receiving agents (for locations see http://www.pptc.gc.ca/service/index.aspx?lang=e). Service by mail is also provided. Outside the country, Passport Canada services are available through Government of Canada missions.

Passport Canada works closely with:

- other federal departments and agencies;
- provincial and territorial governments, particularly registrars of vital statistics;
- law enforcement and security agencies, as well as others who have an interest in secure identity documents in Canada and abroad;
- Canada Post, Human Resources and Social Development Canada, and Service Canada;
- the International Civil Aviation Organization (ICAO);
- other federal departments and agencies; and
- Canada's Five Nations partners: the United Kingdom, the United States, New Zealand and Australia. Since 1994, Canada has been a member of the Five Nations Conference, which brings the passport agencies of these countries together to discuss common concerns and issues.

## Strategic Priority: A more secure world for Canada and Canadians

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Confidence in identity, entitlement and document integrity of travel documents.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • International recognition of Canada's efforts to create more secure and reliable travel documents | | | |
| • Number of fraud cases opened | | | |
| • Percentage of temporary passports in circulation versus the total number of passports issued | | | |
| • Number of lost and stolen passports reported | | | |
| • Number of data-sharing opportunities identified | | | |

## Key Results

Through several initiatives, Passport Canada has made progress on strengthening its security processes in order to produce the most secure travel document possible.

**Mission Print Passport Solution**
Passport Canada successfully completed the implementation of this initiative in 2006. All production of regular blue passports abroad has now been transferred to Canada, thereby ensuring that all regular passports, no matter where one applies, are subject to the same high standard of security and production.

**Correctional Service Canada (CSC)**
The signing of an information-sharing agreement between CSC and Passport Canada and the creation of an electronic interface between the two agencies enabled Passport Canada to complete increasingly thorough verifications of passport applicant information. As a result, during this fiscal year, Passport Canada refused 63 passports and revoked 79 passports from individuals prohibited from travelling outside Canada under the Corrections and Conditional Release Act.

**Canadian Police Information Centre (CPIC)**
Passport Canada is working with CPIC to obtain an extract from the CPIC database for testing purposes. The operational impact of building a CPIC query into the entitlement process is being assessed. Meanwhile, Passport Canada signed the National Integrated Interagency Information System Charter and will continue to participate as a federal partner in this project.

**Regional Security Advisers**
Passport Canada staffed six of eight regional security adviser positions, thus launching a new initiative aimed at strengthening the security of the organization and the integrity of the passport issuance process. The six security advisers, working in directorates across the country, provide expert advice to regional operations on all matters relating to security and act as liaison between headquarters, regional issuing offices and partners. They also support the compliance program, conduct on-site interviews of applicants with complex cases and investigate fraudulent applications or applicants. Also, this initiative represents an opportunity for the regions to have immediate access to security advice and support, and to improve awareness of regional security issues and concerns at headquarters.

**Canadian Passport Order Revision**
The revision to the Canadian Passport Order provides authority to the Minister of Foreign Affairs to refuse or revoke a passport on national security grounds. Three cases have already been submitted to this process. However, work still needs to be done on strengthening authorities to support Passport Canada's mandate. Initial consultation on a Passport Act was completed in 2006-2007.

**Follow-up Report of the Office of the Auditor General**
The Auditor General's follow-up report to the initial 2005 audit was positive. The report was supportive of the improvements made by Passport Canada since the 2005 audit.

**National Routing System (NRS)**
In January 2006, Passport Canada received an award of excellence for its involvement in the NRS project. The NRS is intended to speed the verification process by electronically connecting the provincial and territorial vital statistics databases, while protecting the privacy of individuals. The awards event was held to recognize departments and agencies that have demonstrated outstanding leadership and results in fostering horizontal collaboration, while improving government services for Canadians, Canadian businesses and international clients. Although Passport Canada continues to be involved in the project using the processes put in place for the pilot of the project, Treasury Board Secretariat is now responsible for developing a pan-governmental approach for the overall project.

**Number of Fraud Cases Opened**
A total of 293 fraud cases were opened in 2006-2007 versus 245 in 2005-2006, an increase of 16 percent. This could be attributed to higher volumes, combined with improved security processes.

**Lost and Stolen Passports Reported**
Between April 1, 2006, and March 31, 2007, 42,743 travel documents were recorded as lost, stolen or inaccessible. This information was provided to the RCMP for entry into CPIC data and via the Ottawa Interpol National Central Bureau to the Interpol Lost and Stolen Travel Document Database. Making these passports known to border officials limits their criminal usefulness.

**Number of Temporary Passports in Circulation Versus Total Passports Issued**
As of March 31, 2007, 4,526 temporary passports were in circulation versus 3,637,242 passports issued, representing 0.1 percent of total volume. The low number of temporary passports demonstrates the continued integrity of the program, as the great majority of passports in circulation are those produced in Canada to the highest standards.

**Number of Data-Sharing Opportunities Identified**
There were no new MOUs for data sharing in 2006-2007.

## Strategic Priority: Strengthened passport services

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Improved client satisfaction; optimized and diversified funding.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Percentage of volume by service channels<br>• Percentage of applications delivered on time (turnaround time)<br>• Wait times measured against service delivery standards<br>• Percentage of funding from sources other than fee revenue | | | |

## Key Results

Due to a larger increase in demand than was originally forecast, Passport Canada was severely challenged this year to deliver on its service commitments.

**Receiving Agents**
To ease access to passport services, Passport Canada had a total of 101 receiving agent sites operating in 2006-2007. Applicants may deposit their application with either Canada Post or Service Canada, who conduct an initial review of the application for completeness. The application is then forwarded to Passport Canada and processed. Eight new sites were opened with Service Canada during the fiscal year. The network of receiving agents expanded greatly at the beginning of 2007-2008 (beyond the eight new sites) to assist in processing the increased volume.

**Passport On-Line**
In 2006-2007, 183,223 applications were processed using Passport On-Line, an increase of 62 percent over the previous year. This increase demonstrates that although new functionality was not introduced to the program, it is gaining in popularity among clients and does facilitate the application process.

**National Workload Management**
A workload management project was launched in October 2006 to improve the way Passport Canada manages fluctuating demand. The process involved transferring files between offices and regions to balance the workload at the regional and national levels. The project was successful in the first few weeks of implementation. As volumes began to increase in November, however, it was noted that transfers were still occurring, but in much smaller numbers. When all offices reached capacity with the volumes they were receiving, no additional capacity was available in the system. As a result, other strategies were put in place, such as overtime work and the streamlining of processes. Further improvements will be introduced in 2007-2008.

**Service Strategy and Model**
Work was done to identify the drivers of client satisfaction as a first step upon which to base the service strategy and model. However, this initiative was put on hold when volume pressures required that service issues be addressed in a different manner in the short term.

**New Funding Model**
A new funding model for Passport Canada was proposed in 2006-2007, and is under consideration by the government. The Auditor General confirmed the deterioration of Passport Canada's financial flexibility and recommended that Passport Canada review its funding model.

**Performance Measurement**
For the fiscal year overall, turnaround standards were met for 77.9 percent of applications due to strong performance through November. Wait time results for the fiscal year are not as strong, showing that 67.1 percent of applicants waited less than 45 minutes in the passport office queue before receiving service. As volumes significantly exceeded capacity between December and March, there was a decrease in performance. The percentage of applications processed within turnaround time standards between December and March was just 36.9 percent. For wait times, following their reception at a pre-screening counter, 45 percent of in-person clients were served within 45 minutes between December and March. The fiscal year ended with a backlog of applications in mail-in operations.

**Percentage of Volume by Service Channels**
In 2006-2007, the volume by channel mirrored historical patterns. The majority of the volume, 80.71 percent, was treated in walk-in offices, whereas 11.77 percent was processed through applications mailed to Passport Canada. Receiving agents received 3.75 percent of the overall volume and missions abroad received 3.78 percent of the overall volume.

**Percentage of Funding from Sources Other than Fee Revenue**
Passport Canada received $3.78 million in 2006-2007 from Treasury Board Secretariat to fund projects such as facial recognition and improvements related to the 2005 Auditor General's report. This funding represents 1.6 percent of total cash inflow; the remainder comes from fees. The current governance and management model (Special Operating Agency and Revolving Fund) does not provide Passport Canada with an adequate level of financial, operational and management flexibility to respond to major peaks in demand for services (e.g. demand due to the requirements of the WHTI); modernization of its infrastructure; and investments in national security initiatives.

## Lessons Learned

With respect to international recognition of Canada's efforts to create more secure and reliable travel documents, the advancement of technical solutions such as facial recognition and e-Passport technologies will strengthen the security of the issuance process and the document itself. Passport Canada will have to identify ways to fund these improvements to match efforts that are already under way internationally.

Passport Canada has attempted to improve data sharing through the establishment or strengthening of MOUs with certain federal partners. Unfortunately, the complexity of the process has meant that Passport Canada was unable to achieve this objective in 2006-2007. The facial recognition project did not advance during the fiscal year as a result of procurement issues. This project is now targeted for 2007-2008.

The Conference Board of Canada forecast a volume increase of 6.6 percent for 2006-2007. This took into account the anticipated impact of the air travel requirements under the WHTI. Actual demand was close to the forecast until December 2006. Factors beyond the department's control resulted in 21 percent higher volumes than the previous year. Given the extreme divergence from the forecast and the fact that 43 percent of the fiscal year's demand occurred between December and March, Passport Canada could not react immediately to mitigate the effects of the increased demand on turnaround and waiting times. The volume crisis forced the agency to develop stronger management tools such as activity-based costing.

Moreover, current governmental practices, such as the time required for staffing and for the training of examiners, and the process for the procurement of additional space preclude the agency from being able to respond rapidly to sudden changes in the operating environment. Despite the fact that the agency is self-funded, its inability to quickly respond to or resolve situations such as the crisis stemming from the WHTI implementation underlines the limitations of Passport Canada's operating model.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| **Planned Spending** | **Total Authorities** | **Actual Spending** |
| 0 | 25.3 | (29.6) |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| **Planned** | **Actual** | **Difference** |
| 1,915 | 2,256 | 341 |

## 2.2 International Trade Component

### SO 4: ADVANCING CANADA'S COMMERCIAL INTERESTS INTERNATIONALLY

### Program Activity: Promotion of Foreign Direct Investment and Science and Technology Cooperation

## Description of Program Activity

**Attracting and retaining foreign direct investment in Canada, expanding investment abroad and fostering international science and technology collaboration.**

## Mandate and Context

In carrying out this activity, the department attracts foreign direction investment (FDI) in Canada, develops outward investment policy, and promotes international science and technology cooperation. This activity contributes to Canada's economic competitiveness and prosperity.

FDI is a key factor in economic growth and productivity performance. Studies have shown that FDI provides much more than financial capital. It stimulates innovation, assists human capital formation, contributes to productivity-enhancing investment in machinery and equipment, strengthens international trade integration, helps create a more competitive business environment, generates positive productivity spillovers for local firms and enhances enterprise development. FDI is important to sustaining and improving Canada's standard of living.

To attract major investors in priority sectors of Canada's economy, the department works closely with economic departments at all levels of government to:

- develop Canada's strategies and approaches in attracting inward investment;
- exercise federal leadership in coordinating the efforts of investment promotion partners and increasing their capacity to attract investment;
- assess Canada's investment performance in the global context and outline the major policy challenges that must be addressed to improve Canada's competitiveness as an investment location;
- develop and implement the national investment marketing strategy, including products, tools and participation at signature events, to deliver key investment messages and showcase Canada as the business location of choice to the international business community; and
- identify foreign firms with a high propensity to invest, engage partners in preparing compelling value propositions and provide key account management services, including calls on prospective investors and support to incoming missions.

To foster international science and technology cooperation, the department maintains a network of dedicated S&T counsellors and trade commissioners based in key markets of opportunity for science, innovation and technology collaboration. Their aim is to:

- promote an integrated, market-results approach to international commercialization of Canada's research and technology across government in collaboration with the private sector and academia;

- foster international collaboration in and commercialization of R&D;
- identify world-leading research to be incorporated into the development of innovative processes, goods and services in Canada; and
- position Canada as a valued international innovation partner.

This program activity also provides the corporate guidance to develop a strategic framework that integrates diverse policy and program initiatives with respect to international commerce, including investment promotion and business development, and links priorities to the government's overall objectives. It is also the focal point for coordination and management of the department's commerce-related business planning, and for consultations and engagement with key stakeholders and interested publics.

## Strategic Priority: Increasing Canadian awareness of the challenges and opportunities presented by global commerce

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Domestic buy-in to advance Canadian commerce interests is enhanced.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of consensus among domestic stakeholders in support of Canada's global commerce strategy | | | |

### Key Results

The department led the development of the Global Commerce Strategy (GCS) as a coherent approach to ensure Canada can take advantage of new markets and extend its global reach. The GCS will enhance the government's overall economic plan for Canada, *Advantage Canada*, complementing and building on investments in infrastructure—especially in our Gateways and Corridors—that foster Canada's further development as a leading centre for international commerce.

In the February 2007 Budget, the government provided $60 million over two years to advance three core objectives of the Global Commerce Strategy: (1) support an expansion of Canada's bilateral trade network; (2) strengthen Canada's competitive position in the North American market; and (3) extend Canada's reach to new markets, starting with Asia.

The department continued to build broad-based consensus and support in coordinating the Government Response to the House of Commons Standing Committee's 7th and 8th Reports, entitled *Ten Steps Toward Better Trade Policy*, which was released in April 2007. In the response, the government recognized the critical role of promoting greater awareness and engagement on Canada's trade interests and priorities and renewed its commitment to support a broad range of parliamentary initiatives in this regard.

Departmental policy programs and services are developed in collaboration and consultation with private sector stakeholders to ensure that they reflect the needs of Canadian business in exporting and investing abroad and that they reflect Canadian values and priorities.

In 2006, the department redesigned its corporate consultation framework in light of a 2004-2005 evaluation that recommended the creation of formal horizontal mechanisms. The department's

consultation framework now includes advisory groups, online consultation tools, roundtables and ad hoc meetings of stakeholders that provide feedback and thoughtful avenues for consideration by the Minister, the Deputy Minister and senior managers responsible for core business lines such as the promotion of foreign direct investment, innovation, etc. Private sector stakeholders have provided effective and focused input into the development of departmental policies, programs and services. Mechanisms such as the Ministerial Strategic Advisory Group, the Regional Consultation Program, the International Commerce Advisory Group and the Market Access Advisory Group have greatly strengthened the development of the Global Commerce Strategy, innovation and commercialization policy documents, negotiating strategies for the World Trade Organization Doha Round and bilateral negotiations, and have provided valuable feedback on services delivered by the Trade Commissioner Service. Stakeholders briefed on the main lines of the Global Commerce Strategy confirmed its diagnosis and accepted the proposed courses of action.

In 2006-2007, the department continued to engage provincial, territorial and municipal governments in an ongoing dialogue concerning international trade policies, programs and services. Key forums include federal-provincial-territorial trade ministerial meetings, C-Trade meetings (senior trade representatives from the provinces) and the DFAIT-Federation of Canadian Municipalities Joint Working Group.

## Strategic Priority: Assisting Canadian business in competing successfully for global opportunities

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *S&T partnering opportunities and intelligence are generated to match Canadian and foreign S&T needs and capabilities.*[5]

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of, and nature and scope of S&T partnering opportunities identified and realized between Canada and S&T priority partner countries | | | |

### Key Results

DFAIT recruited and organized a delegation of government, academic and industry researchers to attend the IST-2006 conference on information and communications technologies (ICT) in Helsinki, Finland, in November 2006, which was attended by more than 4,500 delegates from across Europe. DFAIT also organized a partnering workshop at the conference, which focused on partnering between Canadian and European researchers, and helped brand Canada as a home to some of the world's leading ICT research.

DFAIT led a delegation to Japan in February 2007 for a nanotechnology symposium. The Canadian delegation was composed of participants from industry and academia, who took part in partnering forums and discussions on the commercialization of nanotechnology. This type of initiative is an essential precursor to the development of joint projects in this advanced technological field.

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[5] A departmental reorganization has concentrated the development and delivery of the Canadian direct investment abroad (CDIA) program into one branch. To avoid repetition in this document, all the text pertaining to CDIA (under the heading of "Assisting Canadian business in competing successfully for global opportunities" is presented later in this document as part of the World Markets/Commercial Relations program activity.

DFAIT helped Canadian businesses, researchers and academics access opportunities worldwide. For example, the department ran and concluded a competition to select the delivery organization for the International Science & Technology Partnerships Program. This innovative program expands to India, China and Brazil a proven partnership model developed through the Canada-Israel Research and Development Foundation. In collaboration with country signatories, the program funds cost-shared R&D projects put forward by industry and universities/colleges as a way to encourage domestic competitiveness and accelerated commercialization through the transfer of technology and knowledge. The newly created delivery organization, endowed with $18.6 million, will enhance and foster R&D projects with these three emerging markets.

With regard to identifying and realizing opportunities in emerging markets, DFAIT commenced the process for negotiation of an S&T agreement with Brazil, which will provide the framework for Canadian companies and researchers to collaborate with their Brazilian counterparts.

***One- to three-year planned outcome:*** *Enhanced international R&D collaborations and commercializations are made involving Canadian researchers and business partners.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number and scope of S&T partnerships achieved through established mechanisms and initiatives | | | |

## Key Results

DFAIT continued to offer the Going Global program to assist Canadian researchers in the identification and establishment of new international collaborative R&D initiatives with foreign partners. In 2006-2007, 24 projects were approved for funding and approximately $344,000 was disbursed. Initial results indicate that greater collaboration has been achieved and specific research activities are under way.

DFAIT played an important role in fostering the Canada-California Strategic Innovation Partnership, a unique model to bring together research, business and government leaders to build a strong infrastructure for technology and innovation. The partnership aims to ensure Canada's competitiveness and generate partnering opportunities in California, which has one of the most dynamic innovation systems in the world. In particular, the Canadian and Californian high-speed research networks were connected, and the Cancer Stem Cell Working Group proposed a research consortium for which the Government of Ontario has announced $30 million in financing.

In pursuit of enhanced research collaboration and commercialization with Spain, DFAIT arranged or supported a variety of missions to and from Canada and signed a declaration with Spain to foster increased partnerships.

The Minister for International Trade signed an Agreement on Scientific and Technological Cooperation with China in January 2007. At the same time, the Minister led a Green & Hydrogen Technology mission to China composed of representatives from business and academia. The mission introduced 32 Canadian participants, including 21 from the private sector, to Chinese counterparts interested in collaboration. The National Research Council and the Chinese Ministry of Science and Technology agreed to develop a joint hydrogen and fuel cell laboratory.

DFAIT furthered the implementation of the S&T Agreement with India, and the S&T Joint Committee held its first meeting in New Delhi. Furthermore, high-level two-way S&T visits and workshops including senior officials and researchers were supported. DFAIT facilitated the signing of MOUs between India and other government departments under the S&T Agreement.

As the second of a series of four initiatives under the Canada-India S&T Collaboration Agreement, DFAIT planned and organized a health biotech workshop in New Delhi in February 2007. The theme of the workshop was Infectious Diseases and Control, and close to 50 people (including 11 Canadian scientists) participated. Prescheduled one-on-one meetings and site visits complemented the workshop.

In March 2006, the Government of Canada signed a letter of intent with the Government of Brazil toward the negotiation of a bilateral S&T agreement to strengthen cooperation and innovation between the two countries. Preliminary negotiations are now under way and several missions from Brazil to Canada have already taken place.

As part of an effort to maximize key bilateral S&T relationships and reinforce our already strong collaborative ties with Germany, DFAIT organized and hosted the biannual mid-term review meeting of the Canada-Germany S&T Cooperation Agreement. This resulted in the identification of several new areas of collaboration and concrete joint research projects, encompassing the fields of bioproducts, photonics, the environment, medical research, nanotechnology and renewable energy.

## Strategic Priority: Promoting Canada as a globally competitive location and partner for investment, innovation and value-added production

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Enhanced international R&D collaborations and commercializations are made involving Canadian researchers and business partners.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number and quality of investment prospects identified and disseminated to provinces, territories<br>• Number of events and other proactive initiatives in which Canadian capabilities were showcased<br>• Improved perceptions of Canadian capabilities and advantages by foreign investors and influencers<br>• Improved international competitiveness as evidenced by ranking in international benchmarking studies | | | |

### Key Results

In working to attract foreign direct investment to Canada, the department actively promotes Canada as a location of choice for FDI and maintains an effective partnership with other federal and provincial government departments involved in FDI attraction in order to achieve shared results in an efficient and effective manner. With a stock of FDI equivalent to 31 percent of GDP, Canada has one of the highest investment orientations among the Group of Seven (G7) industrialized countries. While Canada's 3.5 percent share of world inward FDI stock in 2005 remains well above our 2.3 percent share of world GDP, it is significantly lower than the 6.1 percent share registered in 1987.

Governments throughout the world are increasingly focused on attracting foreign direct investment, which allows them to take advantage of global value chains and strengthen their competitiveness. This has created intense global competition to attract FDI, particularly by emerging-market economies. For

Canada, the flow of FDI represents not only a source of additional capital, but also a source of new technologies and management expertise critical to the development of an innovative and internationally competitive economy. In 2006, the stock of FDI in Canada increased by $41.3 billion to $449 billion, a 10 percent increase and the biggest surge in FDI in Canada since the technology downturn in 2001. Most international investment is channelled to economies that offer large dynamic markets, plentiful natural resources and production efficiencies. For smaller economies, particularly for Canada, which is neighbour to the largest and most dynamic market in the world, a competitive business and investment climate is essential to attracting and expanding foreign and domestic investment.

As Canada's business and investment climate is shaped by diverse policies and regulations, investment promotion begins with benchmarking our marketplace framework policies relative to our competitors. In the 2006 edition of the UN *World Investment Report*, recognized as the most comprehensive information source about FDI and its determinants, Canada improved its ranking from fourth to third out of 140 countries on the Inward FDI Potential Index, suggesting continuing improvement in its business and investment climate. However, Canada ranked 97th on the Inward FDI Performance Index, suggesting that while there is strong potential for attracting increased FDI, closing the gap between potential and performance remains a significant challenge.

*Promoting Canada as a globally competitive location and partner for investment:* The greatest challenge for Canada is to compete with the United States in the North American economic space to attract the strategic investments that develop and produce innovative and high value-added goods and services. For Canada, the attraction of strategic, knowledge-based FDI is key to accelerating productivity growth and enhancing our prosperity.

The United States is by far the most important source of FDI into Canada. The stock of American FDI in Canada was $273.7 billion in 2006, representing 61 percent of Canada's total FDI stock, down from 67 percent in 1996. From an American perspective, Canada is the second most important destination of American direct investment abroad (USDIA), after the United Kingdom. Yet the department faces important challenges in maintaining this position, given that Canada's share of USDIA declined from 12.1 percent in 1994 to 10.4 percent in 2005. In addition, by year-end 2005, the bulk of the FDI that Canada had attracted was in the natural resource sectors. Canada has attracted about 68 percent of the total North American inward FDI in the primary sectors (mining, oil and gas, and agriculture), but only 26 percent in manufacturing and a mere 18 percent in services (with the balance of North American FDI share in each sector going to the United States). While these trends partly reflect Canada's comparative advantage in natural resources, they also underscore the continued presence of policy restrictions on foreign investment in service industries. According to the OECD, Canada has the highest level of explicit restrictions on foreign equity ownership in the G7—primarily in the transportation and telecommunication sectors.

The newly developed FDI Attraction and Expansion Plan calls for harnessing the department's network of representatives at home and abroad to attract investment from international companies with a high propensity to invest in the identified sectors; to make investors aware of Canada's value proposition; and, working with domestic partners, to assist them in assessing the benefits of specific locations. To ensure that Canada continues to offer domestic and foreign investors attractive investment locations, the department continues to benchmark Canada's business and investment climate, including the rules and regulations governing commercial opportunities, against our major competitors and to advocate for the removal of impediments to productive investment.

An extensive investment promotion program was delivered, in partnership with federal agencies, provinces and municipalities, across the network of consulates and consulates general in the United States. This encompassed promotion of Canada as an attractive destination for foreign direct investment, venture capital attraction for technology partnering and technology commercialization, and consultation with domestic and U.S. partners on a range of investment policy, legislative and regulatory issues.

Promotion efforts included raising the Canadian profile at major investment events, such as the annual Association of Corporate Growth investment conferences, and at sector events such as the annual BIO 2006 in Chicago. Successful venture capital technology matching has taken place at annual events such as the World's Best Technology (WBT) in Austin, Texas, the Canadian Bio Top Ten venture capital events in Boston and New York, and the LARTA Venture Forum in San Jose, CA, where Canadian technology firms secured critical development financing. Representation by departmental officials with Finance and Revenue Canada on investment policy and legislative issues continues to help shape positive changes in the domestic investment environment, including on issues such as scientific research and experimental development tax credits.

Brazil has become a priority as a source of foreign direct investment into Canada. Building on the momentum created by Brazilian-owned CVRD's acquisition of Inco in 2006 for $19.4 billion, an investment forum was held in spring 2007 to raise the interest of potential Brazilian investors in greenfield investment opportunities in Canada. As a result, new potential investors have been identified and work has begun to identify opportunities for them in Canada.

DFAIT led an interdepartmental team for Canada's participation at the trade show BIO 2006 in April 2006 in Chicago. Canada's participation included sponsoring a Canada pavilion and arranging partnering meetings for the 170 Canadian participants. The event showcased Canadian strengths in biotechnology, enhancing Canada's image as a world leader in this sector. Canadian participants reported many promising leads due to the partnering meetings. Actual results will depend on the follow-up activities to be carried out by the Canadian and foreign participants. It should be noted that the gestation could take several years. A good example is the $2 million R&D agreement that Arius Research signed with Takeda Pharmaceuticals of Japan in 2006, which was a result of the introductory meeting arranged for them at the Canadian partnering forum during BIO 2002 in Toronto.

*Community Investment Support Program:* The department delivers the Community Investment Support Program (CISP), which supports capacity-building efforts at the municipal level for attraction, expansion and retention of foreign direct investment. In 2006-2007, CISP supported 138 community projects with a total contribution of $4.7 million. Consistent with departmental objectives to advance Canada's commercial interests, CISP funding enabled municipalities to develop the tools, profiles and economic data needed to respond to investor inquiries and to undertake various attraction activities. Several municipalities have cited CISP as having played a crucial role in enabling them to attract new investment and create jobs. Since its launch, the program has supported $350 million in investment.

In 2006-2007, the program's third-year results capacity check was conducted. Although the evaluators found that the program had many successful attributes, some recommendations were made to ensure effective support to the municipalities. In response to these recommendations, an action plan containing corrective measures was established.

A new investment in the community of Bow Island, Alberta (pop. 2,000), illustrates the value of the program. Conestoga Supply Inc. of Houston, Texas, purchased 10 acres of land from Bow Island in 2006 to be the base for a new pipeline fabrication facility to supply the oil and gas industry. The facility is expected to be in production in 2007 and will initially create 15 to 18 new jobs. With the possibility of expansion, up to 40 new jobs may be created. With the $28,000 in support from CISP, the Economic Development Alliance of Southeast Alberta updated their website and developed an article on oil and gas activities in the area. Funds were also used to help identify key gaps in the oil and gas sector, and to develop opportunities for targeted investment attraction. Information gathered from this research was used when speaking with potential investors at trade shows and helped put Bow Island on the map, thus resulting in the above investment.

*Partnership building:* Canada's success in the area of investment promotion depends heavily on partnerships and networks. To create a harmonized national investment attraction program, collaboration

is needed among federal, regional, provincial, territorial and municipal partners. Since 2004, the department has organized federal, provincial and territorial investment meetings that bring together all senior officials responsible for investment attraction in Canada. The fourth such meeting took place in March 2007 in Vancouver, providing 60 officials with the opportunity to discuss investment trends, investment strategies and priorities, and the investment opportunities presented by the Vancouver 2010 Olympic Games and the Asia-Pacific corridor. All provinces and territories have been consulted on the department's new sector-focused FDI strategy.

*Knowledge management:* Investment promotion and attraction is a specialized field where success is highly dependent on information shared among investment promotion officers across the partnership. The department took a leadership role to promote coordination and knowledge creation by developing a knowledge management system three years ago. The Rendez-Vous website is a platform where partners can post and access over 2,500 documents, with information on partner strategies, plans and projects, as well as a host of documents to support their prospecting initiatives. The system is also an important directory of contacts among partners. Rendez-Vous now includes close to 1,000 members, of which half are active members and half are key members of the investment network.

***One- to three-year planned outcome:*** *New and expanded investments in Canada are made by international businesses.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Increase in the number and value of foreign investments in Canada | | | |

## Key Results

In 2006-2007, the department focused on providing greater direction to missions abroad regarding companies to target as well as information to help them track prospecting activities and measure results achieved. During the reporting period, DFAIT officials, working with partners in Canada, targeted over 700 foreign companies, carrying out over 330 initial calls on foreign companies overseas, conducting 450 meetings, making 56 formal investment promotion presentations, undertaking over 30 domestic outcalls on Canadian subsidiaries, providing 848 referrals to provincial and municipal partners, and making 186 referrals through our federal network. These efforts resulted in 238 investments in Canada, of which the majority (155) decided to set up new operations and 83 decided to invest in or acquire a Canadian operation in order to establish themselves in North America. Sectors attracting the greatest interest were manufacturing (38 percent of cases), mainly the automotive and agri-food sectors; information and communications technologies (25 percent) and business services (12 percent).

Investment projects for which data are available indicate that a minimum of $31 billion in capital was invested and 10,200 new jobs were created, compared to $15.5 billion and 14,000 jobs in 2005-2006. Annual salaries for the vast majority of the jobs created were at or above the national average. Total investments were concentrated in Ontario (97), followed by Quebec (55), BC (31), Alberta (30), Saskatchewan (7), Manitoba and Nova Scotia (5 each), New Brunswick (2), Newfoundland and PEI (1 each) and 4 unstated.

## Strategic Priority: A department that is recognized as modern and agile

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Capacity to deliver services to clients through initiatives focusing on service quality, efficiency and other dimensions of modern management is improved.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Client satisfaction ratings reflecting the quality, timeliness, relevance and utility of services provided<br>• Perceptions of employees on the quality, utility and relevance of training programs | | | |

## Key Results

The department offers courses on FDI promotion to further improve delivery of the investment program and meet the training needs of employees and partners. Reflecting the horizontal nature of investment promotion, the basic course brings together practitioners from the federal and other levels of government. During the reporting period, five introductory sessions were held, accounting for more than 100 participants and 285 training days. The department also delivered new specialized courses focusing on strategic investment planning and partnership development. During the reporting period, eight specialized modules were held, involving 101 participants for the same number of training days. Finally, the department developed new training material focusing on economic intelligence for specific markets.

DFAIT continues to deliver a specialized training program in the area of S&T partnerships for commerce officers. Through this program, officers are becoming increasingly aware of R&D and innovation as engines of productivity improvements for Canada, and of the key role they play in facilitating global partnerships that link Canadian business, universities and research institutions with partners around the world. During the reporting period, over 50 officers accessed this S&T training, adding their skills and knowledge to the 50 who participated last year.

***One- to three-year planned outcome:*** *Programs and services that respond effectively to the needs of the Canadian business community are enhanced.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of adherence to service standard for response time<br>• Level of use of innovative tools to manage client service requests and volume of self-service by clients | | | |

## Key Results

InvestInCanada.gc.ca is designed to raise Canada's business identity and enhance visibility on the Internet. The target international audience is attracted to the website by Internet marketing campaigns (such as Google AdWords, which accounted for 27 percent of total visits for the 2006-2007 fiscal year), multilingual website content, and the targeting of ads to non-Canadians. The website is optimized by analyzing traffic with advanced performance measurement software and updating site content and design. In the fiscal year, there were a total of 438,439 visits to the Invest in Canada site, a 6 percent increase since 2005-2006 and a 29 percent increase since 2004-2005. Some 85 percent of the 2006-2007 visits were from non-Canadians, proving that InvestInCanada.gc.ca is reaching its target audience.

## Lessons Learned

It became more apparent that in our S&T agreements and work in generating partnerships, a greater focus on commercialization and the private sector is necessary. At present, the results of our work are generated over the long term and are difficult to measure. By emphasizing the importance of the private sector in S&T partnerships, we hope to achieve greater and more measurable gains in Canada's prosperity.

Given limited resources both abroad and in Canada, DFAIT's Invest in Canada Bureau has concluded that for future investment attraction efforts, investment personnel will focus on high-performing companies, primarily in priority industry sectors located in priority investment markets, and that less proactive effort will be spent on non-priority industry sectors and markets. Focusing on priority sectors will enable headquarters to improve support to missions abroad with higher-quality services.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| **Planned Spending** | **Total Authorities** | **Actual Spending** |
| 12.1 | 14.8 | 12.9 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| **Planned** | **Actual** | **Difference** |
| 71 | 75 | (4) |

# Program Activity: Trade Policy and Negotiations

## Description of Program Activity

**Analyzing, negotiating, advocating and representing Canada's international trade and economic interests in Canada and abroad, in consultation with stakeholders.**

## Mandate and Context

In carrying out this activity, the department:

- negotiates trade agreements with other countries and monitors their implementation; manages disputes and consults stakeholders on the substance of these agreements;
- prepares economic analyses in support of policy development; and
- evaluates Canada's performance in international trade (see http://www.international.gc.ca/eet/menu-en.asp). This evaluation is provided in two departmental publications, *State of Trade* and *Trade Policy Research*. *State of Trade* reviews and analyzes key developments concerning Canada's international trade and investment, as well as other aspects of global commerce that had an impact on Canada over the preceding year. Canada's performance is checked against that of traditional partners and

competitors such as the United States, the European Union and Japan, as well as emerging global powers such as Brazil, Russia and China. *Trade Policy Research*, an annual compendium of analysis and research, covers work done inside and outside the federal government on issues directly related to the department's policy objectives. The views expressed are those of the authors. Volumes in this series have been adopted in international trade and business courses in several Canadian and U.S. universities.

The program activity effects change both directly and indirectly through:

- policy development, supported by analysis and research;
- consultation and engagement with domestic and international partners;
- advocacy and negotiation;
- dispute management and resolution; and
- implementation and enforcement of legal obligations under the Export and Import Permits Act.

The direct clients of this program activity are exporters, importers, producers and investors in goods and services industries, who benefit from new access opportunities, better and less expensive supplies, and fairer and more predictable operating environments. Its indirect clients are all Canadians, who benefit from a greater variety of goods and services and a stronger economy nurtured by an open, rules-based trade and investment regime. Such a regime fosters innovation and employment opportunities through market opening and good regulatory practices.

## Strategic Priority: Strengthening secure access for Canadian business to global markets through the negotiation and implementation of commercial agreements

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *More effective leadership of, and coherence on, international policy issues and strategies.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of progress in advancing negotiations on agreements and cooperative arrangements (e.g. bilateral, regional and multilateral trade and investment negotiations, issue-specific accords and cooperation agreements)<br>• Improvements vis-à-vis the scope of rights and obligations achieved through negotiations<br>• Extent to which Canadian partnerships are enhanced through collaborative and cooperation initiatives for specific issues and sectors<br>• Effective domestic implementation of negotiated agreements | | | |

### Key Results

DFAIT finalized the Softwood Lumber Agreement (SLA) between Canada and the United States in 2006-2007. The SLA, which entered into force on October 12, 2006, establishes a secure and predictable commercial environment for the Canadian lumber industry. Under the SLA, U.S. countervailing duty

(CVD) and anti-dumping duty (AD) orders, in place since May 2002, have been completely revoked. Approximately US$4.5 billion of duties collected during that time have been returned to Canadian softwood lumber exporters. The U.S. government is also prohibited during the life of the agreement from initiating any new AD or CVD investigations. DFAIT's efforts have led to a fair and sustainable resolution to the softwood lumber dispute that reflects Canada's objectives and interests, a resolution that also enjoys the support of provincial and industry stakeholders.

The SLA also builds a stronger bilateral trade relationship with our largest trading partner, and allows both countries to direct their full attention to forging a stronger, more competitive North America. DFAIT has enhanced key partnerships, including consulting with and coordinating the interests and considerations of provincial and industry stakeholders. DFAIT maintains an open dialogue with its U.S. counterparts through the SLA's institutional arrangements, including the Softwood Lumber Committee and Technical Working Groups. The first meeting of the Canada-U.S. Softwood Lumber Committee was held in February 2007. This committee supervises the implementation of the agreement and the five working groups that it established. DFAIT has implemented a system of softwood lumber export permits and allocations in conformity with the agreement. The sound management of this system is key to the functioning and durability of the SLA.

With respect to bilateral free trade negotiations, DFAIT advanced an active agenda. Canada and Korea held five rounds of negotiations toward the conclusion of a free trade agreement (FTA). After a pause of almost six years, Canada formally resumed FTA negotiations with the European Free Trade Association countries in December 2006 and made significant progress toward a deal in the year under review. Throughout this period, Canada made concerted efforts to bridge the remaining gaps in the negotiations with the Central America Four countries, which remain unprepared to offer satisfactory concessions to Canada. Free trade negotiations with Singapore formally resumed in March 2007, after a pause of more than three years, and significant progress was achieved. On the basis of extensive domestic stakeholder consultations and intensive discussions with the Government of Japan, both countries made substantial progress toward the completion of their joint study. Canada held exploratory discussions with the Andean countries (Bolivia, Colombia, Ecuador and Peru) on the possibility of negotiating an FTA in December 2006, and in January 2007 held similar discussions with the Dominican Republic.

DFAIT worked with others internationally to successfully resume full Doha Development Agenda negotiations (in January 2007) and intensified efforts to bring these negotiations to a successful close. DFAIT is leading negotiations for Canada in the non-agricultural market access (NAMA) area of the Doha Round, with an ambitious objective of securing real improvements in market access for Canadian exporters in both the developed and the developing world. Canada has taken the lead in developing a sectoral agreement covering forest products. If successful, this agreement will result in improved market access exceeding that achieved under normal NAMA outcomes.

DFAIT was a leader in helping to launch the "plurilateral" negotiating modality for services in the World Trade Organization. This approach to services negotiations, which organized negotiations among only the key countries seeking market access for services and target countries, increased the focus and efficiency of the negotiating process. It was a key element of the WTO Hong Kong ministerial meeting decision, and will facilitate market access gains in services sectors and markets of export interest to Canada.

The department made some further progress on the accession of Russia (particularly through the multilateral process) and, working with others, successfully brought Vietnam into the WTO on terms that will benefit Canadian goods and services exporters.

DFAIT pursued the negotiation of a number of foreign investment protection and promotion agreements (FIPAs) in support of Canadian investors abroad. An agreement was signed with Peru, significant progress was made in the negotiations with India and China, and a new negotiation was initiated with

Jordan. DFAIT held exploratory discussions with Indonesia and Vietnam to further enhance Canadian investors' interests in these fast-growing Asian economies.

The potential for greater export opportunities to Chile was enhanced by DFAIT's conclusion of negotiations for the addition of a government procurement chapter to the Canada-Chile FTA.

DFAIT, in collaboration with Transport Canada, successfully concluded seven bilateral air services negotiations. These negotiations resulted in first-time bilateral air transport agreements with Algeria, Croatia and Serbia, and significantly expanded existing agreements with the United Kingdom, Portugal, Brazil and Japan. In addition, DFAIT led air services consultations with Mexico, and held exploratory discussions with the European Commission for a Canada-European Union comprehensive air services agreement. All these agreements will facilitate bilateral commerce and tourism opportunities with these markets.

***One- to three-year planned outcome:*** *Market access for Canadian goods, services, technologies and investment is maintained and improved.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of progress in maintaining and improving Canada's market access interests within a rules-based system | | | |

## Key Results

DFAIT has contributed to improving Canada's market access interests within a rules-based system by finalizing the Softwood Lumber Agreement between Canada and the United States. DFAIT activities in this regard have resulted in ensuring stable and predictable access to the U.S. lumber market, and the SLA enjoys the support of the key lumber-producing provinces, British Columbia, Ontario and Quebec, as well as a clear majority of industry players. DFAIT has implemented a system of softwood export permits and allocations in conformity with the agreement.

In response to the mandate given to officials at the 2006 NAFTA Free Trade Commission meeting, Canada developed and consulted on sectoral proposals that aim to address existing trade impediments in certain sectors in order to foster the freer flow of goods, capital and services in North America. Trade ministers are expected to review the proposals put forward by the three countries at the next Commission meeting, to be held later this year in Canada.

Work continued on liberalization of NAFTA rules of origin. The "Track II" liberalization package, estimated to represent about US$20 billion worth of trilateral trade in goods, was trilaterally implemented on July 1, 2006. The package represented a broad range of agricultural, consumer and industrial goods. This rules of origin initiative was also one of the deliverables under the SPP.

DFAIT participated in Canada-Mexico discussions on labour mobility to explain trade policy implications for programs to provide temporary access to Canadian or foreign labour. The department maintained a web-based diagnostic tool to provide advice to business people seeking temporary entry pursuant to NAFTA temporary entry provisions. This website received approximately 14,500 hits during 2006-2007.

In May 2003, Canada reported its first bovine spongiform encephalopathy (BSE) case. Since then, Canada has resumed trade, in whole or in part, with more than 30 markets including the United States, Mexico, Hong Kong and Japan. DFAIT continues to work closely with the Canadian Food Inspection Agency, Agriculture and Agri-Food Canada and Canadian missions around the world to open more markets.

***One- to three-year planned outcome:*** *Trade and investment disputes are managed effectively.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of progress in effectively managing trade and investment disputes, including through consultations and the use of formal dispute settlement procedures, as well as targeted advocacy efforts | | | |

## Key Results

Under the Softwood Lumber Agreement, U.S. countervailing and anti-dumping orders, in place since May 2002, have been completely revoked and approximately US$4.5 billion of duties collected by the U.S. during the dispute have been returned to Canadian softwood lumber exporters. The SLA also puts an end to softwood lumber-related litigation (approximately 20 cases) and prohibits the U.S. government from initiating any new anti-dumping or countervailing duty investigations during the life of the agreement (seven years, with an option to renew for an additional two years).

Canada successfully challenged the U.S. Byrd Amendment in the U.S. Court of International Trade (CIT). The United States appealed the CIT's decision to the U.S. Court of Appeals for the Federal Circuit, and Canada is cross-appealing (ongoing).

***One- to three-year planned outcome:*** *Domestic regulatory and legislative framework under the responsibility of the Minister for International Trade is managed effectively.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Effective implementation of negotiated market access and retaining agreed-upon levels of domestic market openness<br>• Delivery of effective export controls to promote a safer and secure economy and improve market access | | | |

## Key Results

The department ensured that controls on the export of defence and strategic goods were fully consistent with Canadian government policy, including the promotion of international peace and security. This encompassed applying strict trade measures against Belarus and adoption of UN sanctions against North Korea and Iran.

With respect to the U.S. International Traffic in Arms Regulations, the department will continue negotiations with the United States to ease the restrictions on Canadian industry.

DFAIT's secure web applications were improved to enable licensed Canadian customs brokers and exporters to apply online for necessary permits for the exportation of softwood lumber or to manage their softwood lumber quota online.

The Softwood Lumber Agreement (which entered into force on October 12, 2006) ended a decades-long trade dispute that had greatly damaged Canadian economic interests. The agreement required repayment to softwood lumber firms of US$4.5 billion in duties collected by the United States. The

Government of Canada designated Export Development Canada (EDC) to administer a mechanism to accelerate the return of softwood lumber duty deposits to Canadian companies. Over 800 softwood lumber firms took advantage of this mechanism, which disbursed approximately US$2.6 billion. The remaining companies received their refunds directly from U.S. Customs and Border Protection.

DFAIT launched a General Agreement on Tariffs and Trade (GATT) Article XXVIII process to restrict imports of milk protein concentrates into Canada, at the request of dairy producer stakeholders.

## Lessons Learned

Achieving progress in FTA negotiations depends on a number of factors, including the readiness of partner countries to conclude balanced agreements. Various domestic sensitivities are inevitably touched by any free trade agreement, and considerable care is required to ensure that such issues are addressed appropriately in the context of achieving deals that benefit Canada overall. The number of bilateral FTA negotiations now conducted by virtually all countries in the world has been accelerating to the point where there are growing constraints on the capacity of all countries, including Canada, to negotiate.

WTO negotiations are today guided and influenced by a much wider range of countries coming together in a fluctuating network of alliances. Today's reality requires Canada to increasingly earn a place among those who seek to guide multilateral negotiations. As we are overtaken by large developing countries, in terms of global contribution to trade, it will be the strength of our expertise and ideas and our ability to identify consensus that will ensure that Canada is well positioned.

Canada needs to continue to engage actively with its trading partners, both through international organizations such as the WTO and under the auspices of its bilateral agreements, to ensure that Canadian interests are protected and advanced. This includes monitoring the implementation of trade policy agreements by other countries (e.g. through WTO committees or bilateral working groups established under FTAs), as well as pursuing specific issues with Canada's trading partners. Such engagement can require persistent follow-up to make progress.

Interdepartmental consultation and cooperation are also essential to improve market access in areas where businesses encounter regulatory barriers. All sides need to work together to facilitate the flow of products to export markets and the maintenance of the health and safety of Canadians.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| Planned Spending | Total Authorities | Actual Spending |
| 51.7 | 557.3 | 542.2 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| Planned | Actual | Difference |
| 369 | 341 | (28) |

# Program Activity: World Markets/Commercial Relations

## Description of Program Activity

**Integrating Canada's economic, trade, investment, and science and technology interests at the regional and bilateral levels and managing commercial relations.**

## Mandate and Context

In carrying out this activity, the department delivers a set of six core services to Canadian business clients, including the identification of market opportunities by missions abroad. This requires ongoing collaboration with partners inside and outside government. Market strategies encompassing all aspects of international commerce are being developed for a number of priority markets, including the United States, Mexico, China, India, Brazil, Russia, Japan, South Korea, the Association of Southeast Asian Nations (ASEAN), the Gulf Cooperation Council and the European Union. This program activity and the changing nature of global business—increasing regional focus, regional and global supply chains, and emphasis on two-way trade and investment—reflect a new outlook for the department's operations abroad.

In carrying out this activity, the department helps position Canadian firms to take full advantage of global business opportunities, thereby contributing directly to prosperity and job creation through the following programs and services:

- The Canadian Trade Commissioner Service (TCS) through its 12 regional offices across Canada and 142 locations abroad, provides front-line support to over 16,000 companies each year.
- The Virtual Trade Commissioner, a highly acclaimed and evolving Internet tool, provides market reports, country information, email notification of leads, and access to the services of trade commissioners and partners. It is increasingly tied to TRIO, the TCS's electronic client relationship management tool.

## Strategic Priority: Increasing Canadian awareness of the challenges and opportunities presented by global commerce

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Specific strategies are developed by Canadian business clients to respond to the challenges and opportunities of global commerce.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of specific business client strategies developed to meet the challenges and opportunities of global commerce | | | |

## Key Results

As part of the Global Commerce Strategy, which flows from *Advantage Canada*, six multiyear, whole-of-government market plans were developed for the priority markets of the United States, Mexico, China,

Europe, India and Brazil. These plans, which have a sectoral focus, integrate the entire spectrum of international commerce, including market access, two-way trade, two-way investment, and science and technology (S&T). They will encourage more Canadian companies to pursue international opportunities, and will build knowledge of Canada's commercial capabilities and strengths by positioning Canada as a centre of excellence for talent, innovation, investment, value-added production and trade. DFAIT's missions abroad have begun implementing the market plans. Additional market plans for Russia, Japan, South Korea, ASEAN, Australia/New Zealand and the Gulf Cooperation Council are planned for the coming year.

Development of the market plans has underlined the necessity of a regional sector approach in order to facilitate Canadian commerce worldwide. Companies no longer focus on single countries when exploring market possibilities, but instead are expanding regionally on a global basis. Canada's trade commissioners are adapting to this new reality and adapting their approach to the provision of services to Canadian clients.

DFAIT continued to manage relationships with over 30 countries in the European marketplace and, in so doing, supported ongoing activities and events both in Europe and in Canada. Sectorally focused trade missions continue to be an effective vehicle for stimulating international commerce. Over the last year, DFAIT organized several large incoming and outgoing trade missions with both a sectoral and an S&T focus, to promote increased commercial cooperation with Europe. As a result of these activities, the participating Canadian companies expanded their network of commercial contacts in Europe and were able to gather vital market intelligence that enabled them to enter new markets successfully.

The department also worked to enhance Canadian awareness of growing trade and investment opportunities in the emerging markets of Russia, Kazakhstan and Ukraine. There were two large business and government delegations to Russia, and Russian business delegations visited several trade shows in priority sectors in Canada. Ukrainian business delegations were also invited to specific trade shows in Canada. In Ukraine, a "Canada" event featured targeted information sessions designed to enhance awareness of Canada from an economic and commercial perspective.

Business opportunities were also communicated directly through promotion of, and recruitment for, commerce missions to China, centred largely on the Pacific Gateway Initiative, and to India, as well as to emerging markets such as Kazakhstan, with a trade mission focused on the oil and gas sector. These targeted missions provided opportunities for Canadian companies to meet with qualified contacts in the market and allowed them to further their business development initiatives in these high-potential markets.

Canada's participation in Cuba's largest state fair (FIHAV) and meetings between the department's senior management and Cuban officials strengthened bilateral trade relations. For example, EDC and the Central Bank of Cuba agreed to a repayment schedule on an outstanding Canada Account debt, with an MOU to be signed in June 2007. Four Canadian television channels were to be broadcast in Cuba's hotel districts beginning in late spring 2007. As well, Cuba has agreed to the purchase of live cattle from Canada later this year.

In an effort to stimulate trade with Haiti, the first and largest Canadian trade mission to Haiti since 1996 opened doors for Canadian business and investment in the infrastructure sector. As a direct result of the department's leadership role in the market, Canada is now well positioned to capitalize on long-term business opportunities in Haiti.

A successful trade mission to Saudi Arabia and the United Arab Emirates in December 2006 allowed Canadian companies in the health-care sector to showcase their expertise in health-related subsectors including management and services, facilities design, engineering, construction and architectural services, education and training, and high-end institutional and laboratory equipment. As a result, agreements

were signed between two Canadian firms and their local counterparts, with several firms also indicating that they were considering establishing or enlarging their presence in Saudi Arabia and the United Arab Emirates to take advantage of the booming economic opportunities that were presented to them on the mission.

The department organized several missions and outreach activities focused on Asia, including the Minister for International Trade's participation at the APEC ministerial meeting in Vietnam. This meeting achieved a number of bilateral objectives, including the decision to relaunch free trade negotiations with Singapore and pursue negotiations toward a FIPA with Indonesia. The Joint Economic and Trade Committee meetings in Delhi and Beijing led to a number of positive outcomes. Results of the Joint Economic Committee meeting with Japan in Edmonton were somewhat disappointing due to a divergence of views on the outcomes of the Joint Study, but significant results came out of the Cooperative Working Group, including a Social Security Agreement and enhanced bilateral cooperation with the Japanese on food safety. The department is committed to strengthening the bilateral commercial and investment relationship with Japan by capitalizing on a successful conclusion of the Canada-Japan Joint Study.

As part of the Global Commerce Strategy, a U.S. Commerce Strategy and Market Plan were developed. This integrated and cross-government framework established the department's strategy to secure and grow the Canada-U.S. business partnership. Comprehensive strategies were also developed for the five priority sectors in the United States.

Similarly, a Mexico Market Plan was developed. This instrument established the department's strategy to facilitate penetration of the Mexican market by Canadian exporters and investors. As Canada's fifth-largest export market, and an increasingly important destination for direct investment, it was deemed essential to have a strategic plan in place to maximize Canadian engagement in that market.

***One- to three-year planned outcome:*** *Domestic buy-in to advance Canadian commerce interests is enhanced.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of consensus among domestic stakeholders in support of Canada's Global Commerce Strategy | | | |

## Key Results

Extensive consultations on the Global Commerce Strategy's market plans were held with stakeholders in the private sector, with industry associations, other government departments and provincial/territorial governments across Canada. The consultations were designed to solicit the opinions of the stakeholders and to obtain information that could then be used to refine the plans. Preliminary discussions with provincial representatives prepared the way for general consultations on the market plans still in development, such as those for the Gulf Cooperation Council and for the Latin America and Caribbean region.

DFAIT acted on recommendations from the roundtables by arranging an infrastructure mission to India and ensuring that the Minister for International Trade's mission to China promoted the Pacific Gateway and raised issues of concern related to Canadian mining companies, Chinese direct investment into Canada, and Chinese compliance with its WTO obligations. China was also engaged on the determination of the modalities that will govern the implementation of Approved Destination Status, which has been granted to Canada and which should result in important inbound tourism opportunities. Other

roundtables on Libya and the DRC, led at the official level, were effective in identifying means of enhancing commercial prospects for Canadian business in these countries.

The level of consensus among domestic stakeholders in support of the Global Commerce Strategy was also crucial in carrying out a number of specific initiatives—for example, the Airbus A350 pilot project, which benefited some 350 companies. While led by headquarters, it involved trade commissioners at 24 missions in Europe, Asia and North America. The support of partners such as Industry Canada, the Aerospace Industry Association of Canada and regional aerospace associations was crucial to its success. Similarly, buy-in from Canadian companies proved essential to developing a proactive strategy to expand their global commercial activities in key international markets.

For the U.S. market, lead officers for the five priority sectors conducted planning and consultative meetings with the regional trade networks, the provinces and other government departments to discuss and develop sector strategies that reflected the elements in the Global Commerce Strategy: trade, investment, innovation, and market access and advocacy.

The Canada-Mexico Partnership held two sessions, where its six working groups (Energy; Urban Sustainability; Human Capital; Trade, Investment, Science and Technology; Agri-Business; Housing) proposed ways to enhance the competitiveness of both economies, notably through a closer relationship in science and technology, through facilitated labour mobility and through the creation of specialized subcommittees in the field of energy. These working groups all include senior representatives of Canadian business.

***One- to three-year planned outcome:*** *Utilization of government programs and services to help Canadians succeed in the global economy is increased.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of client services delivered<br>• Number of communications/outreach events across Canada<br>• Degree of participation in communications/outreach events | | | |

## Key Results

Increased use of government programs and services allowed the department to deliver 29,253 services to 8,724 companies in the past year. The majority of these were small and medium-sized enterprises (SMEs) who approached the TCS through the online Virtual Trade Commissioner.

The Export USA program provided about 1,000 new Canadian exporters with market information and first-hand exposure to the U.S. marketplace through 64 seminars and missions to the United States. As an illustration, the office in Philadelphia, a result of the Enhanced Representative Initiative, successfully introduced 107 exporters to its market.

A Renewable and Environmental Technologies Team was established for Europe. This team strategically brings together Canada's missions abroad, headquarters functional branches, regional offices and partner departments in the development and delivery of an action plan to communicate current and critical market intelligence on Europe's regulatory environment, leading to the identification of new business opportunities to Canadian companies. Sector teams for other priority sectors will be established in 2007.

Client services and outreach activities for the Middle East, North Africa and sub-Saharan Africa region were focused on informing Canadian companies about emerging business opportunities. Central to this was Canadian participation in key regional trade shows and events to promote post-secondary education opportunities in Canada. The department partnered with the Canada-Arab Business Council to sponsor a very successful Canada and the Arab World Conference, where the Minister for International Trade provided the keynote address. Many activities of the Canadian Council for Africa were also supported throughout the year, including their mission with the provinces of Alberta and Manitoba to Angola. This resulted in proposals by Canadian companies on major infrastructure projects in Angola, such as road rehabilitation, electrification and water treatment. In order to further expand bilateral commercial relations, an air services agreement was signed with Algeria, our major trading partner in the Maghreb.

The department was also proactive in organizing roundtables on China and Mongolia at the Prospectors and Developers Association of Canada (PDAC) show in Toronto, and arranged a networking event in Ottawa between Mongolian officials and Canadian mining companies to discuss concerns regarding Mongolian mining legislation. This resulted in the successful negotiation of new agreements between the Mongolian government and key Canadian mining companies. On the sidelines of the PDAC conference, the department joined the NRCan team in the organization of an "Africa Day." Several key companies and consulting firms were invited to speak on opportunities in sub-Saharan Africa.

The department also organized a roundtable involving Canadian companies and an incoming delegation of photonics companies from China, and developed a strategy for linking industrial clusters in Canada to similar clusters in Japan. This resulted in the establishment of joint research and development relationships between Canadian and Japanese companies.

Major trade missions went to sub-Saharan Africa, the Middle East and North Africa, including a health sector mission to the Gulf Cooperation Council countries. Departmental support was also provided to the visit of the Governor General to Algeria, Morocco, Mali, Ghana and South Africa, which significantly raised Canada's profile in these markets. Incoming missions to the North American Food Marketplace, the PDAC International Trade Show and Investors Exchange, and the Canadian Institute of Mining, Metallurgy and Petroleum Show, among others, ensured that increased numbers of investors and buyers gained a much better appreciation of Canadian capabilities by making direct contact with Canadian companies.

DFAIT-organized commerce missions helped create a greater awareness among Canadian companies of the myriad commercial opportunities available in various priority markets (China and India) and sectors (oil and gas in Kazakhstan) throughout the world. The mission to India, for example, included the first Canada-India CEO summit, and the department worked closely with the Canadian Council of Chief Executives to identify themes and develop subjects for discussion at the meetings. The China mission included companies engaged in the development of the Asia-Pacific Gateway and Corridor Initiative and in hydrogen energy and green technologies, and the India mission included companies pursuing infrastructure projects.

The Enhanced Representative Initiative also enabled the department's participation in major industry events such as the International Boston Seafood Show and Americas Food and Beverage Show. In conjunction with the Boston Seafood Show, the department organized a training session on Canadian fish and seafood advocacy vis-à-vis the seal hunt.

## Strategic Priority: Assisting Canadian business in competing successfully for global opportunities

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Canadian business is positioned effectively to grow through global commerce.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Increase in the value and market share of exports and Canadian direct investment abroad<br>• Level and growth of sales of foreign affiliates of Canadian firms in relation to Canadian exports<br>• Number of new exporters active in foreign markets<br>• Number of exporters expanding their activities to new foreign markets | | | |

## Key Results

The department's work in helping Canadian business position itself to take full advantage of the opportunities afforded through global commerce has been rewarding. Between 2003 and 2006, Canadian exports rose by $62.0 billion, an increase of 13.5 percent. Over the same period, the stock of Canadian direct investment abroad increased by $111.0 billion or 26.9 percent. This exemplifies the recognition by Canadian firms that there are competitive advantages in having a physical presence in global markets. In conjunction with this enhanced global presence, sales by Canadian affiliates operating abroad increased by $47 billion to reach $385 billion between 2003 and 2005, an increase of 13.9 percent.

While the number of Canadian exporters increased by only 321, a modest increase of under 1 percent between 2003 and 2004 (the latest years for which data are available), their expansion and diversification to a greater number of international markets is impressive, with an additional 527 exporting to the Americas, 553 to Europe, 703 to Asia-Pacific and 425 to other regions.

To increase the value and market share of exports and Canadian direct investment abroad, in November 2006 Canada signed a FIPA with Peru, which will be a key element in the continued growth of Canadian investment in mining and other sectors in that country. In December 2006, Canada initiated exploratory discussions regarding an FTA with Colombia, Peru, Ecuador and Bolivia. Canada is also continuing to pursue an FTA with the Central America Four—El Salvador, Guatemala, Honduras and Nicaragua—and is committed to try to negotiate free trade with the Dominican Republic and the Caribbean Community (CARICOM).

Sectoral initiatives (trade missions, participation at fairs, focused visits) promoted Canadian capabilities for trade, investment and partnering opportunities in:

- agriculture and agri-food (a record 40 Canadian exhibitors at the Americas Food and Beverage Show in Miami reported an estimated $3.9 million in sales for the next 12 months);
- information and communications technologies (ICT) (the CTIA Wireless Show generated approximately $13.9 million in sales, distribution agreements, partnerships and collaborative S&T);
- bioscience (at the BIO 2006 Show, Ontario and Illinois signed an MOU stating their intention to cooperate on ag-biotech research and commercialization);
- environmental and energy technologies (350 Canadians went to the Offshore Technology Conference 2006 in Houston and four follow-up business development missions); and
- aerospace and defence (54 Canadian companies signed contracts, valued at US$150 million, with U.S. contractors under the U.S. Department of Defense Joint Strike Fighter [JSF] aircraft project. Canada also signed JSF industrial participation MOUs with the three prime contractors—General Electric, Pratt & Whitney and Lockheed Martin—with a potential value of US$7.5 billion in sales for Canadian industry over the next 20 years of the project).

A cross-section of FDI successes includes Inter-Digital Corp. of Pennsylvania's $4.5 million expansion of their Montreal research facilities; Michelin Group's $92 million expansion of their Waterville, Nova Scotia, manufacturing plant; In-Q-Tel of San Jose's venture capital investment in IDELIX Software Inc. of Vancouver; and United Technologies Corporation's $1.5 billion in research and development investments over five years in Pratt & Whitney Canada Corp., which includes $75 million in collaboration projects with 20 Canadian universities.

The ERI Technology Partnering Initiative has resulted in the development of 150 matchmaking activities engaging government, academia and private sector firms from 2004 to the present. Outcomes include the licensing of Canadian technologies, such as five technology agreements with 3M of Minnesota, the Canadian acquisition of a U.S. marine technology firm, and various co-developments of technology solutions, distribution alliances and process collaborations.

Companies listed among Technology Partnering Initiative success stories include Stempath Inc., Stem Therapeutics Corporation, Tidal Photonics, Variation Biotechnologies Inc., Armatec Survivability, Nudura Inc., and Talisman Energy Inc.

In Mexico, which is Canada's fifth-largest export market, numerous sectoral initiatives were organized (trade missions, participation at fairs, focused visits) aimed at convincing Mexican firms of the Canadian capabilities potentially of interest to them, and informing Canadians of the significant market in Mexico. This was particularly the case in:

- agri-food (as a result, Canada is now the second-largest exporter of agri-food products to Mexico);
- advanced manufacturing technologies (progress was made through a renewed partnership with EDC and the Ontario Ministry of Economic Development and Trade);
- building products (an incoming mission to three cities was organized in connection with ExpoCIHAC);
- environmental technologies (over 100 service requests from Canadian clients were managed);
- forestry (a logistics and customs seminar brought together Canadian clients and important Mexican wood importers, enabling them to work together to begin to resolve issues preventing greater trade);
- ICT (success stories include Redline Communications' sale of WiMAX solutions to PEMEX, as well as being a supplier to the state of Nuevo Leon, and Canadian companies such as Tranzeo, Talkswitch, Esprida and ACL Services all establishing representational or distributorship relationships with Mexican companies); and
- oil and gas (a trade office in Mexico was instrumental in enhancing awareness of Canadian capabilities through a deepwater technical seminar, which also facilitated contacts with senior PEMEX and energy ministry officials for nine Canadian companies that participated).

## Strategic Priority: A department that is recognized as modern and agile

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcomes:*** *Capacity to deliver services to clients through initiatives focusing on service quality, efficiency and other dimensions of modern management is improved; programs and services that respond effectively to the needs of the Canadian business community are enhanced.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Client satisfaction ratings reflecting the quality, relevance and utility of services provided<br>• Perceptions of employees on the quality, utility and relevance of training programs<br>• Level of adherence to service standard for response time<br>• Level of use of innovative tools to manage client service requests and volume of self-service by clients | | | |

## Key Results

The Airbus A350 initiative generated positive client feedback highlighting the quality, relevance and utility of departmental services aimed at positioning Canadian companies in global value chains, as evidenced by the following:

- According to a survey conducted by the Aerospace Industry Association of Canada following a DFAIT-led mission to Toulouse, France, all 16 companies who responded (out of 22 participating companies) indicated having successfully established concrete business leads with Airbus and various Tier 1 suppliers.
- According to a survey sent to the 337 companies that received the Airbus A350 market intelligence report, 97 percent of respondents indicated that they were satisfied or very satisfied with the quality of the information, and 85 percent indicated that they intended to follow up on the intelligence contained in the report.
- Industrial visits to Canada from three foreign Tier 1 suppliers led to over 40 business-to-business meetings. This third phase took place at the end of March, but preliminary results indicate that at least 24 of the Canadian companies visited are in the process of bidding on specific components and software packages being outsourced by the foreign suppliers.

The Business Mobility project was designed specifically to respond to Canadian business clients' dissatisfaction with the Canadian visa process for foreign business visitors. In partnership with the Conference Board of Canada, the department is undertaking a client satisfaction benchmarking exercise to directly gauge the success of the project. DFAIT is also leading the interdepartmental effort to improve Canadian business success in the global marketplace by improving the information available to Canadian business clients and their potential partners to avoid unnecessary delays and costs when applying for a visa.

## Lessons Learned

The market plans associated with the Global Commerce Strategy are complex initiatives, requiring extensive consultation, and they will need regular revision to reflect changing market and competitive interests. Extensive consultations on these whole-of-government integrated commercial strategies were well received by clients and partners.

Visa issuance for foreign business clients has a significant impact on our clients' ability to compete globally. Unfortunately, clients are not always able to anticipate how the visa process will affect the business clients they invite to Canada. As part of an effective market strategy, the department must work to better inform Canadian businesses about the risks of visa delays or refusal for individuals in a given market.

Commerce missions in priority markets and in key emerging markets are an excellent tool for communicating opportunities to Canadian companies and advancing government priorities. In some instances, smaller, sector-focused missions have proven to be even more effective when organized to coincide with a specific but separate trade or industry event occurring in the host market.

Two-way trade and investment is not only inevitable, but desirable, as long as it is accompanied by the necessary "watchful eye" on the economic benefit to Canada. Canadian direct investment in Latin America and the Caribbean represents a key component of the commercial portfolio of most of Canada's missions in the region. Particularly in the extractive industries, it is critical that Canada be attentive to corporate social responsibility (CSR) in the region.

Developing the U.S. and Mexico commerce strategies and market plans has been a more time-consuming process than expected, but early indications are that they provide clear, strategic direction for the department to pursue opportunities in the United States and Mexico.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| Planned Spending | Total Authorities | Actual Spending |
| 41.1 | 41.0 | 33.4 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| Planned | Actual | Difference |
| 512 | 1,073 | 561 |

## Program Activity: International Business Development

### Description of Program Activity

**Managing and delivering international business development services to Canadians.**

### Mandate and Context

In carrying out this activity, the department helps position Canadian firms to take full advantage of global business opportunities, thereby contributing directly to prosperity and job creation through the following programs and services:

- The International Business Opportunities Centre provides sourcing and matching services by disseminating business leads, identified by trade commissioners abroad, to Canadian companies.
- The Program for Export Market Development for Trade Associations assists national trade associations in representing their member companies in international promotion of their products and services.
- The department hosted the support unit for Team Canada Inc.

- It supports the Small and Medium-sized Enterprises Advisory Board on International Trade, the only official advisory body on international business development issues of concern to SMEs. The board is made up of 18 private sector individuals appointed by the Minister for International Trade, representing various industry sectors and provinces. It normally meets with the Minister twice a year.
- The department assists Aboriginal and women entrepreneurs by increasing their awareness of government programs and services.
- It participates in key interdepartmental partnerships and ongoing consultations with stakeholders, intermediaries and other service providers in order to better understand the needs of SMEs.
- It carries out intensive outreach with sector associations to identify the international business development issues facing the industry and assess the Canadian sector's capacity and competitiveness in international markets.
- The department offers guidance on use of the Canada Account trade finance facility, which is administered on behalf of the government by EDC.
- It provides policy advice to the Minister on EDC, the Canadian Commercial Corporation and the Canada Investment Fund for Africa.
- It provides policy advice to the Minister on the availability of competitive financial services to support Canadian trade and investment abroad.
- The department also helps Canadian companies to access procurement and investment opportunities financed by international financial institutions (IFIs) such as the World Bank and the Asian Development Bank and by bilateral and multilateral development and relief agencies. In addition, the department provides market information to Canadian business clients across a range of sectors and markets. Roughly 100 market reports and another 100 country sector profiles are produced each year.

## Strategic Priority: Increasing Canadian awareness of the challenges and opportunities presented by global commerce

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Domestic buy-in to advance Canadian commerce interests is enhanced.*

| Performance Indicator | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Level of consensus among domestic stakeholders in support of Canada's global commerce strategy | | | |

### Key Results

The Asia-Pacific Gateway and Corridor Initiative (APGCI) continues to receive the priority attention of the federal government. The $591 million APGCI was officially launched on October 11, 2006, with the objective of facilitating global supply chains between North America and Asia. Budget 2007 increased program funding to $1 billion. This unique public-private partnership has already gained international admiration for the determination of Canadian government and private sector stakeholders to work together to solve current bottlenecks and strengthen future capacity.

The department's objectives for the first of the five fiscal years of this program were clearly achieved. Consultations with over 50 APGCI stakeholders were concluded. In January 2007, the Minister for International Trade participated in Gateway roundtables with 12 private sector stakeholders in Hong Kong, Beijing and Shanghai, garnering not only extensive media coverage in China, but also appreciation for the federal government's strong lead to ensure that Canada's Asia-Pacific Gateway and Corridor will

meet both domestic and international needs. Financial mechanisms and guidelines were in place by March 31, 2007, to disburse funding for marketing proposals initiated by the missions and regional offices.

The department actively engaged the business community on procurement opportunities related to IFIs and provided key information on changes in the IFI landscape. The department participated in the organization and delivery of workshops and seminars, including International Development Days, International Cooperation Days and UN procurement roundtable discussions. Participation in these events enabled the department to promote its mandate, network, gather intelligence, leverage the coordination efforts of the development aid support network, and better understand Canadian business challenges.

Coordination was enhanced between DFAIT and its development aid support partners (regional offices, offices of liaison for the IFIs, private sector liaison officers, provinces, etc.) through an IFI retreat in Ottawa. As a result of the retreat, the department created a Canadian development aid support matrix, followed by further regional outreach with the network and ongoing conference calls to align objectives, roles and activities, and to reduce duplication of services and events.

In its effort to support the growth of Aboriginal business, the department participated and made presentations at two Aboriginal business and economic development events to improve awareness, collaboration and capabilities of Aboriginal business organizations involved in delivering export services to Aboriginal entrepreneurs.

Roundtables with women CEOs were held in three cities in western and central Canada (Vancouver, Edmonton and Toronto), led by the Secretary of State. This was the first time that DFAIT had undertaken such an activity; it provided an opportunity to better understand the challenges faced by this target audience as they develop their businesses internationally. Further roundtables are planned for eastern Canada in 2007-2008.

***One- to three-year planned outcome:*** *Use of government programs and services to help Canadians succeed in the global economy is increased.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Number of communications/outreach events across Canada<br>• Degree of participation in communications/outreach events | | | |

## Key Results

Many Aboriginal service providers and businesses are located in remote locations and do not have access to the full range of trade promotion services available to businesses. Taking advantage of the fact that online access to information is increasingly available in Aboriginal communities, the department launched an Aboriginal Trade website (http://aboriginaltrade.ca) to provide a single point of access for international business development information for Aboriginal businesses and for buyers seeking Aboriginal products or services. This interdepartmental initiative was led by DFAIT.

Many Aboriginal firms are using China as part of their supply chains. The department identified upcoming opportunities at the 2008 Beijing Olympics (and 2010 Vancouver Olympics), holding procurement workshops and 2010 Business Summits, which it promoted through the online Virtual Aboriginal Trade Show.

A publication was launched showcasing women entrepreneurs who have had ongoing success in international markets. The women profiled were those who participated in the first-ever businesswomen's trade mission to Washington 10 years ago. Participants indicated that the sharing of success stories is a very effective means of helping businesses understand the challenges and opportunities of global commerce.

To help private sector firms access international development procurement opportunities, the department held seminars on effective bidding in Calgary and Montreal as part of its services. The 112 Canadian businesses that participated learned key strategies for seeking opportunities, submitting proposals and winning contracts. The seminar generated high-level corporate involvement and positive feedback, indicating a strong need for similar workshops and training.

## Strategic Priority: Assisting Canadian business in competing successfully for global opportunities

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Canadian business is positioned effectively to grow through global commerce.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Increase in the value and market share of exports and Canadian direct investment abroad<br>• Level and growth of sales of foreign affiliates of Canadian firms in relation to Canadian exports<br>• Number of new exporters active in foreign markets<br>• Number of exporters expanding their activities to new foreign markets | | | |

### Key Results

The International Business Opportunities Centre (IBOC) continued to quickly and efficiently disseminate high-quality business opportunities, identified by trade commissioners working at Canada's missions abroad, to Canadian firms. During the reporting period, over 4,750 leads produced more than 20,000 potential Canadian company matches. Follow-up with these companies revealed a range of different transactions as varied as a sale of US$450,000 of hardwood flooring to Chicago, to a $240,000 sale of recovered solvents to Lebanon.

The Program for Export Market Development for Trade Associations (PEMD-A) assists national trade associations in representing their member companies in international promotion of their products and services. PEMD-A financial assistance in the amount of $4.6 million was approved for 64 trade associations, representing thousands of Canadian companies, to help them undertake generic trade promotion activities on behalf of their members in a wide variety of industrial sectors.

Tracking the actual quantifiable results from the program's contributions is challenging for two reasons. First, associations can only report to DFAIT what their members have reported to them. Second, results from export market development activities may generate leads and opportunities but do not always have immediate quantifiable results. Nonetheless, for 2006-2007, typical examples of reported results from recipients include the following:

- 275 new leads and 257 new contacts were identified, and $20 million in export sales was generated (BC Wood);
- 50 new leads were identified for participating Canadian companies—with 15 of these leads translating into new business within 12 months, and 25 within 24 months (Aerospace Industries Association of Canada);
- 15 new SMEs have become exporters, and another 25 have increased their current level of exports (AIAC);
- $1 million was generated in export sales (Association for the Export of Canadian Books); and
- a partnership with the Australian textile industry and its training professionals resulted in the acquisition of valuable program development content (worth approximately $500,000) at no cost to Canadian industry (Textiles Human Resources Council).

A pilot project was undertaken to ascertain opportunities for a selected group of Aboriginal companies to access U.S. government procurement programs. The U.S. government provides preferred access to government contracts for Aboriginal-owned companies. Numerous companies from Canada are currently doing business in the United States and may qualify for these opportunities.

The department participated in two U.S.-based Native American conferences related to procurement and economic development. This yielded valuable market intelligence and identified new opportunities. Many Aboriginal companies and tribal councils were in attendance. The department's competitive intelligence program assisted over 100 Canadian companies at the 2006 Farnborough International Airshow in learning about the global value chain of three major contractors in the aerospace and defence sector.

A memorandum of understanding on portfolio collaboration was concluded between DFAIT, Export Development Canada and the Canadian Commercial Corporation. This MOU was negotiated and concluded in response to the Minister's 2006 directive that DFAIT should establish formal means to coordinate portfolio action in support of Canada's international commerce goals. As a result of research, consultation and submissions undertaken by the department, the 2007 Budget contained authority to amend EDC's financial regulations in order to permit it to provide up to $750 million in enhanced investment support for Canadian business over the 2007-2011 period.

The department worked to successfully restructure the Canada Account debt. The department negotiated and approved significant Canada Account debt restructurings with minimal loss to the portfolio, despite highly aggravated credit conditions in certain countries and sectors.

## Strategic Priority: A department that is recognized as modern and agile

## Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Capacity to deliver services to clients through initiatives focusing on service quality, efficiency and other dimensions of modern management is improved.*

| Performance Indicators | Under-achieved | Achieved | Over-achieved |
|---|---|---|---|
| • Client satisfaction ratings reflecting the quality, timeliness, relevance and utility of services provided<br>• Perceptions of employees on the quality, utility and relevance of training programs | | | |

## Key Results

While the satisfaction of clients is thought to be generally quite high on the basis of significant anecdotal evidence, the absence of a formal client survey precludes declaration of a specific level of achievement. The new online client survey, which was successfully piloted with a target group of some 300 Canadian business clients in December 2006, and which will be built into the department's Virtual Trade Commissioner application in the 2007-2008 fiscal year, will remedy this lacuna in the future.

In previous years, the department conducted biannual client satisfaction surveys to gauge the extent to which the Trade Commissioner Service was meeting the needs of Canadian business. Due to the high cost of undertaking such surveys and the significant time lag between the time a service had been rendered and the time the survey was undertaken, a new approach was deemed necessary. In late 2006, the department developed and piloted a web-based survey instrument that achieved a response rate of 27 percent, deemed a highly satisfactory response rate for this type of survey. The key finding was that the department's business clients, identified through its Virtual Trade Commissioner, were very receptive to the instrument; some 95 percent of respondents indicated that they would be favourably disposed to answering follow-up electronic surveys. The premise is that an online questionnaire, taking less than 10 minutes to complete, would be triggered after a client receives a threshold number of services from a given mission abroad. Plans are under way to build the survey instrument into the Virtual Trade Commissioner during the current fiscal year.

The department developed and launched a pilot course on Development Finance and the Aid Market, enabling trade commissioners to understand and seek information on international financial institutions and disseminate IFI-related procurement leads to Canadian businesses. The course also targeted increasing collaboration within the department, with partner departments and abroad. Feedback indicated a strong interest and need to continue this training.

This year, training of Canada's trade commissioners in Latin America and Africa was launched. Training at four missions in Latin America and two missions in Africa was delivered to a total of 25 Canada-based and locally engaged staff. This training focused on introducing basic IFI training and encouraging the integration of procurement opportunities into the sectoral responsibilities of each officer. Increased interaction is required between the offices of liaison for the IFIs and the trade commissioners overseas, given the need for integrating procurement opportunities throughout the sectors.

Even where IBOC sourcing information does not lead to direct, immediate results, Canada's missions abroad and Canadian suppliers have provided positive feedback on the usefulness of the IBOC service. By way of example, IBOC was unable to service a specific request from Moscow for assistance in identifying Canadian companies that manufacture equipment to laminate or wrap with PVC. IBOC did succeed, however, in identifying two companies where the technology or product manufactured was applicable to the request. With this information in hand, the trade commissioner in the region organized a site visit for the Moscow-based company to one of the two companies. Discussions are currently going on between the Moscow company and the Canadian supplier, which could lead to the export of some components.

## Lessons Learned

The department needs to be more systematic in leading coordination within the development aid network and the acquisition of resources to support it.

The department can receive significant benefit from the input from SME Advisory Board members. In the past, too much time has been spent providing briefings rather than engaging in meaningful dialogue. Significant changes have been made to optimize the time spent with board members.

The U.S. Small Business Administration has developed formal protégé and mentoring programs to help minority businesses (such as those operated by Aboriginals) to build capacity. This is a model worth examining for possible application in Canada.

Executive outreach with Canadian companies is an effective tactic to raise the profile of Canada's ICT companies.

Many associations do not spend all the PEMD funds approved for their use. Although significant improvements have been achieved, process enhancements could further improve the effectiveness of the program to ensure optimal use of funds.

| Financial Resources 2006-2007 ($ millions) | | |
|---|---|---|
| Planned Spending | Total Authorities | Actual Spending |
| 309.5 | 253.8 | 251.9 |

| Human Resources 2006-2007 (FTEs) | | |
|---|---|---|
| Planned | Actual | Difference |
| 417 | 365 | (52) |

## 2.3 Supporting Activities

### Supporting Activities: Corporate Services and Human Resources

### Description (Corporate Services)

**Providing finance and planning, information management and technology, accommodation and security services at headquarters as well as communications services that enable the department to conduct its program activities.**

### Description (Human Resources)

**Providing human resources services that enable the department to conduct its program activities.**

### Mandate and Context

Corporate Services and Human Resources provide essential enabling infrastructure to the department and are responsible for:

- supporting all three strategic outcomes for the department—as well as its transformation agenda—at headquarters and missions abroad;
- enabling the department and its federal partners to carry out their international operations; and
- helping drive the government's innovation agenda throughout the department.

### Strategic Priority: A modern and agile department

### Accomplishments Against One- to Three-Year Expected Outcomes

***One- to three-year planned outcome:*** *Ensure that representation abroad is better aligned to reflect the shifting distribution of global power by delivering international services in a whole-of-government fashion, supporting modernization of the department through use of new technologies and developing the flexibility to realign resources to specific goals.*

### Key Results

The country strategy process includes constant review and reallocation of resources to better and more efficiently deliver DFAIT's programs overseas. During the past year, the department aligned resources by rationalizing trade program delivery in Italy and Japan, in addition to reallocating resources affecting a number of missions. The department also reallocated resources in support of our growing presence and activities in Afghanistan, including additional personnel and improved infrastructure.

The department began work on a mission categorization matrix, which will be a key tool in aligning mission resources with departmental priorities. The matrix was expanded to incorporate information on additional programs at missions.

The department continued to invest significantly in IM/IT for mobile and remote access and emergency services, reacting swiftly to support urgent field operations in Afghanistan and Lebanon by deploying secure processing capability to Kandahar and by establishing emergency IT services to support the large-scale evacuation of Canadians from Lebanon.

The department significantly improved support to Canada's network abroad by extending information technology help desk support to 24/7 availability and rebalancing IT resources in response to changes in representation abroad (the latter through completion of an innovative project that integrated staff groups involved in system and client support).

The department continued its rigorous program of cyclical replacement of IM/IT systems to ensure reliability and prevent rust-out. Notably, the department launched a priority project to ensure uninterrupted secure communications for DFAIT and partner operations worldwide. This project is a major upgrade to the global classified processing system and increases its coverage from 106 to 150 missions.

The department commenced implementation of Interwoven, the Government of Canada's preferred technology for web content management, to ensure that information published on DFAIT sites is current, reliable and complies with government requirements.

Major investments in management of information technology security were completed to comply with TBS standards for security of information and IT assets, and to establish a departmental Information Protection Centre to sustain security standards and manage security risks for IM/IT systems.

***One- to three-year planned outcome:*** *Ensure that human resources management is modernized and supportive of its transformation agenda by undertaking innovative measures and introducing new tools to attract experienced workers from other departments to renew its pool of employees (including HOMs), and developing a range of proposals to improve support for employees and dependents abroad.*

## Key Results

The following initiatives are linked to the development of HR policy:

- DFAIT has taken the lead with partner departments in developing recommendations for the cyclical review of the Foreign Service Directives to enhance the benefits for staff assigned to high-risk missions (such as Afghanistan) and modernize the directives.
- A joint study was commissioned with partner departments to review the services delivery and the governance model for the provision of health services abroad.
- The department has initiated a complete review of its Official Languages program, including the governance of the program, the identification of training needs and the criteria for access to language training, the control mechanisms for non-imperative staffing and a review of past recruitment practices pertaining to Official Languages.
- Work was initiated on developing a departmental policy on term employment.
- A departmental policy on "acting positions" has been adopted.

The department took advantage of new enabling staffing approaches permitted under the Public Service Employment Act by launching and completing several collective staffing processes, which is a collaborative activity to staff more than one position using the same process, saving time and money.

Other measures introduced to improve the efficiency of staffing processes include:

- broadening the area of selection in staffing key positions within the department;
- using structured reference checks in numerous selection processes;

- designing and using developmental programs (e.g. interdepartmental Employment Equity Leadership program, PE EX Development Program) in selection processes; and
- developing guidelines on stretch assignments (circumstances, guiding principles, nomination process, assessment of candidates, etc.).

***One- to three-year planned outcome:*** *Provide better management of, and accountability for, financial and non-financial resources (e.g. the MRRS-PAA), oversee effective delivery of the government's international priorities in a cost-effective manner and create a mechanism with which ministers can make resource allocation decisions.*

## Key Results

Over the course of 2006-2007, the department worked to develop an integrated Management, Resources and Results Structure Program Activity Architecture (MRRS-PAA). This MRRS-PAA provides the overall structure through which a reintegrated DFAIT, as recreated by Order in Council (P.C. 2006-40) in February 2006, can better plan its activities, manage its resources and account for the results it achieves to Parliament and to Canadians.

The department also explored mechanisms to more effectively reallocate its resources internally. With the reintegration, the department re-examined its governance processes and organizational structures with a view to developing decision-making mechanisms that can better support the management of the internal reallocation process.

A guide on budget management was developed and implemented to support a comprehensive approach to the issue and to improve the allocation of funding to priorities.

The following initiatives were undertaken to improve financial management at missions:

- Risk management assessments for financial operations at missions were completed and a monitoring process has been established in accordance with the level of risks.
- The banking process has been reviewed to reduce the handling of cash at missions.
- Payments to suppliers were handled in foreign currencies using the Standard Payment System.
- A business case was developed to collect revenues through the Internet.

In addition, a review of key processes and internal controls was developed to assess the department's readiness to undertake an audit of departmental financial statements.

***One- to three-year planned outcome:*** *Provide other critical services that apply horizontally across all program activities.*

## Key Results

The department launched the Information Management Improvement Program (IMIP), a priority initiative to increase productivity and effectiveness in program operations at missions and headquarters. The IMIP improves collaboration, analysis and decision making by integrating information management enhancements into work processes. In 2006-2007, the IMIP was implemented at missions in Warsaw, Belgrade and Bucharest, as well as in the following headquarters units: Central, East and South Europe Bureau; Bilateral Commercial Relations: Europe, Africa and Middle East; Intergovernmental Affairs and Domestic Outreach; PEMD and eServices; and Technical Support and Development.

The department completed over 60 Grants and Contributions audits and 12 evaluations and four Results-based Management Accountability Frameworks. DFAIT also resolved 238 cases requiring consultation and

assistance regarding conflict of interest and performed audits of 20 embassies, high commissions, consulates, consulates general and trade offices abroad.

The department adopted an aggressive strategy to respond to delays in Access to Information and Privacy requests, which produced positive results, as the department responded to the 153 delay complaints initiated by the Office of the Information Commissioner. All of the self-initiated complaints were responded to by the end of the fiscal year.

The department provided over 250 hours of values and ethics training and briefings to employees during 2006-2007. New Public Service guidelines, as a result of amendments to part VII of the Public Service Employment Act, led to a departmental publication on DFAIT Employees and Political Activity.

# Section III Financial and Supplementary Information

## 3.1 Financial Tables

**Summary of Financial Information**

| Financial Resources ($ millions) | | | |
|---|---|---|---|
| Year | 2004-2005 Actual | 2005-2006 Actual | 2006-2007 Planned & Actual |
| Total Spending | 1,815.1 | 2,057.9 | 2,401.1 & 2,190.0 |

At the outset of the 2006-2007 fiscal year, the department's planned spending was $2,401.1 million. Through Main Estimates and Supplementary Estimates (A) and (B), the department was allocated total authorities of $3,015.3 million, including a statutory amount of $502.9 million for payments arising from the new Softwood Lumber Agreement and less any net-voted revenues. Actual spending was $2,190 million, net of $695 million of non-respendable revenues (primarily $623.4 million related to EDC) and including $81.4 million of services received without charge.

The department has three voted appropriations: operating expenditures, capital expenditures, and grants and contributions. The voted appropriations of the former International Trade Canada were combined with those of Foreign Affairs Canada in the 2006-2007 Supplementary Estimates to reflect the reintegration of the two departments. The department was also provided with the authority through its Vote 12a for $126.9 million for the forgiveness of debts and other obligations from various countries (see Table 3 for details).

Voted appropriations, including the amount for debt forgiveness, account for 80% of the department's actual spending. In percentage terms by vote, Authorities for Operating Expenditures (Vote 1) make up approximately 58%, Authorities for Capital Expenditures (Vote 5) make up approximately 6%, Grants and Contributions (Vote 15) make up approximately 30%, and Debt Forgiveness (Vote 12a) accounts for approximately 6%.

Of the department's grants and contributions expenditures, approximately 63% represent the assessed costs of Canada's membership in international organizations such as the UN, the WHO and the ICAO. While the funds reside within DFAIT's appropriations, the memberships are held on behalf of the entire Government of Canada.

Passport Canada is a special operating agency that manages and delivers passport services to Canadians through the use of the Passport Revolving Fund. Under this policy, Passport Canada is not funded via the regular Treasury Board process, but rather finances its activities through revenues generated from the sale of products, in accordance with Treasury Board guidelines.

Table 1: Comparison of Planned and Actual Spending (incl. FTEs)
Table 2: Resources by Program Activity
Table 3: Voted and Statutory Items
Table 4: Services Received Without Charge
Table 5: Loans, Investment and Advances (Non-budgetary)
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Table 10: Progress Against the Department's Regulatory Plan
Table 11: Details on Project Spending
Table 13: Details on Transfer Payment Programs (TPPs)
Table 14: Conditional Grants (Foundations)
Table 15: Financial Statements of Departments and Agencies (including Agents of Parliament) and Revolving Funds Financial Statements

Table 16: Responses to Parliamentary Committees, Audits and Evaluations
Table 17: Sustainable Development Strategy
Table 18: Procurement and Contracting
Table 19: Client-Centred Services
Table 20: Horizontal Initiatives
Table 21: Travel Policies

**Table 1: Comparison of Planned Spending to Actual Spending (including FTEs) ($ millions)**

| | 2004-2005 | 2005-2006 | 2006-2007 | | | |
|---|---|---|---|---|---|---|
| | Actual | Actual | Main Estimates | Planned Spending | Total Authorities | Total Actuals |
| **Program Activity** | | | | | | |
| International Security | - | - | 358.7 | 361.0 | 369.9 | 353.0 |
| Global Issues | 656.9 | 691.3 | 505.6 | 512.9 | 550.0 | 463.2 |
| Bilateral Relations | 129.9 | 185.1 | 134.0 | 165.7 | 140.1 | 127.0 |
| Strategic Policy and Public Diplomacy | 99.8 | 35.7 | 44.9 | 46.5 | 50.4 | 49.0 |
| Protocol | | | 38.6 | 38.8 | 43.4 | 42.5 |
| Common Services and Infrastructure (Support from Headquarters) | 377.4 | 169.6 | 187.9 | 212.8 | 212.1 | 209.3 |
| Common Services and Infrastructure (Missions Abroad) | 320.0 | 668.3 | 621.6 | 630.7 | 641.0 | 640.9 |
| Consular Affairs | 78.6 | 48.8 | 49.8 | 51.8 | 116.2 | 107.9 |
| Passport Services | 2.5 | (24.2) | 0.0 | - | 25.3 | (29.6) |
| Transfer Payments not specifically allocated | - | 10.2 | 0.0 | - | - | - |
| Trade Policy and Negotiations | 107.7 | 65.6 | 51.8 | 51.7 | 557.3 | 542.2 |
| World Markets/Commercial Relations | 4.5 | 54.0 | 41.2 | 41.2 | 41.0 | 33.4 |
| International Business Development | 88.7 | 198.0 | 309.5 | 309.5 | 253.8 | 251.9 |
| Promotion of Foreign Direct Investment and S&T Cooperation | 7.9 | 9.0 | 10.5 | 12.1 | 14.8 | 12.9 |
| **Total** | **1,873.9** | **2,111.4** | **2,354.1** | **2,434.7** | **3,015.3** | **2,803.6** |
| Less: Non-respendable revenue * | 128.1 | 139.9 | N/A | 117.7 | N/A | 695.0 |
| Plus: Cost of services received without charge ** | 69.3 | 86.4 | N/A | 84.1 | N/A | 81.4 |
| **Total Departmental Spending** | **1,815.1** | **2,057.9** | **N/A** | **2,401.1** | **N/A** | **2,190.0** |
| **Full-Time Equivalents** | 10,431 | 11,273 | | | 11,513 | 11,519 |

* The actual amount of non-respendable revenues includes the EDC portion of $623.4 million. See Table 6 for details.

** Services received without charge usually include accommodation provided by PWGSC, the employer's share of employees' insurance premiums, and expenditures paid by TBS (excluding revolving funds), Workers' Compensation coverage provided by Social Development Canada, and services received from the Department of Justice Canada (see Table 4).

Note: Due to rounding, figures may not add to totals shown.

| Table 2: Resources by Program Activity ($ millions) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2006-2007 | | | | | | | | |
| Program Activity | Budgetary | | | | | | Plus: Non-Budgetary | Total |
| | Operating | Capital | Grants and Contributions | Total: Gross Budgetary Expenditures | Less: Respendable Revenue | Total: Net Budgetary Expenditures | Loans, Investments & Advances | |
| **International Security** | | | | | | | | |
| Main Estimates | 105.1 | 6.0 | 247.6 | **358.7** | - | **358.7** | - | **358.7** |
| Planned Spending | 106.6 | 6.0 | 248.4 | **361.0** | - | **361.0** | - | **361.0** |
| Total Authorities | 107.5 | 7.9 | 254.5 | **369.9** | - | **369.9** | - | **369.9** |
| Actual Spending | 107.5 | 7.6 | 237.8 | **352.9** | - | **352.9** | - | **352.9** |
| **Global Issues** | | | | | | | | |
| Main Estimates | 66.8 | 2.9 | 436.0 | **505.6** | - | **505.6** | - | **505.6** |
| Planned Spending | 70.2 | 2.9 | 439.9 | **512.9** | - | **512.9** | - | **512.9** |
| Total Authorities | 72.0 | 3.0 | 475.0 | **550.0** | - | **550.0** | - | **550.0** |
| Actual Spending | 65.5 | 2.9 | 394.8 | **463.1** | - | **463.1** | - | **463.1** |
| **Bilateral Relations** | | | | | | | | |
| Main Estimates | 126.5 | 7.5 | - | **134.0** | - | **134.0** | - | **134.0** |
| Planned Spending | 135.4 | 7.5 | 22.8 | **165.7** | - | **165.7** | - | **165.7** |
| Total Authorities | 135.3 | 4.8 | - | **140.1** | - | **140.1** | - | **140.1** |
| Actual Spending | 122.2 | 4.8 | - | **127.0** | - | **127.0** | - | **127.0** |
| **Strategic Policy and Public Diplomacy** | | | | | | | | |
| Main Estimates | 22.3 | 0.7 | 24.5 | **47.5** | 2.6 | **44.9** | - | **44.9** |
| Planned Spending | 22.6 | 0.7 | 25.8 | **49.1** | 2.6 | **46.5** | - | **46.5** |
| Total Authorities | 29.6 | 0.8 | 22.7 | **53.0** | 2.6 | **50.4** | - | **50.4** |
| Actual Spending | 27.1 | 0.8 | 22.5 | **50.4** | 1.4 | **49.0** | - | **49.0** |
| **Protocol** | | | | | | | | |
| Main Estimates | 27.6 | 0.4 | 10.6 | **38.6** | - | **38.6** | - | **38.6** |
| Planned Spending | 27.8 | 0.4 | 10.6 | **38.8** | - | **38.8** | - | **38.8** |
| Total Authorities | 31.8 | 0.5 | 11.2 | **43.4** | - | **43.4** | - | **43.4** |
| Actual Spending | 31.3 | 0.4 | 10.8 | **42.5** | - | **42.5** | - | **42.5** |
| **Common Services and Infrastructure (Support from Headquarters)** | | | | | | | | |
| Main Estimates | 145.8 | 59.6 | 0.3 | **205.7** | 17.8 | **187.9** | - | **187.9** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Planned Spending | 147.7 | 82.6 | 0.1 | **230.6** | 17.8 | **212.8** | - | **212.8** |
| Total Authorities | 151.3 | 78.4 | 0.2 | **229.9** | 17.8 | **212.1** | - | **212.1** |
| Actual Spending | 140.2 | 76.3 | 0.2 | **216.7** | 7.4 | **209.3** | - | **209.3** |
| **Common Services and Infrastructure (Missions Abroad)** | | | | | | | | |
| Main Estimates | 615.0 | 35.7 | - | **650.7** | 29.1 | **621.6** | - | **621.6** |
| Planned Spending | 624.1 | 35.7 | - | **659.8** | 29.1 | **630.7** | - | **630.7** |
| Total Authorities | 627.4 | 42.8 | - | **670.2** | 29.1 | **641.1** | - | **641.1** |
| Actual Spending | 602.5 | 38.4 | - | **640.9** | - | **640.9** | - | **640.9** |
| **Consular Affairs** | | | | | | | | |
| Main Estimates | 49.8 | 2.9 | 0.1 | **52.8** | 3.0 | **49.8** | - | **49.8** |
| Planned Spending | 50.6 | 4.1 | - | **54.7** | 3.0 | **51.7** | - | **51.7** |
| Total Authorities | 116.3 | 3.0 | 0.1 | **119.4** | 3.2 | **116.2** | - | **116.2** |
| Actual Spending | 108.1 | 3.0 | 0.1 | **111.1** | 3.2 | **107.9** | - | **107.9** |
| **Passport Services** | | | | | | | | |
| Main Estimates | 198.1 | - | - | **198.1** | 198.1 | - | - | - |
| Planned Spending | 198.1 | - | - | **198.1** | 198.1 | - | - | - |
| Total Authorities | 216.4 | 7.0 | - | **223.4** | 198.1 | **25.3** | - | **25.3** |
| Actual Spending | 200.9 | 7.0 | - | **207.9** | 237.5 | **(29.6)** | - | **(29.6)** |
| **Trade Policy and Negotiations** | | | | | | | | |
| Main Estimates | 51.1 | 0.6 | 0.1 | **51.8** | - | **51.8** | - | **51.8** |
| Planned Spending | 51.1 | 0.6 | 0.1 | **51.8** | - | **51.8** | - | **51.8** |
| Total Authorities | 53.6 | 0.8 | 502.9 | **557.3** | - | **557.3** | - | **557.3** |
| Actual Spending | 38.6 | 0.7 | 502.9 | **542.2** | - | **542.2** | - | **542.2** |
| **World Markets/Commercial Relations** | | | | | | | | |
| Main Estimates | 41.1 | - | 0.1 | **41.2** | - | **41.2** | - | **41.2** |
| Planned Spending | 41.1 | - | 0.1 | **41.2** | - | **41.2** | - | **41.2** |
| Total Authorities | 41.0 | - | - | **41.0** | - | **41.0** | - | **41.0** |
| Actual Spending | 33.4 | - | - | **33.4** | - | **33.4** | - | **33.4** |
| **International Business Development** | | | | | | | | |
| Main Estimates | 96.5 | 0.8 | 6.3 | **103.6** | 3.1 | **100.5** | 209.0 | **309.5** |
| Planned Spending | 96.5 | 0.8 | 6.3 | **103.6** | 3.1 | **100.5** | 209.0 | **309.5** |
| Total Authorities | 88.6 | 1.7 | 4.2 | **94.5** | 3.1 | **91.4** | 162.4 | **253.8** |
| Actual Spending | 84.9 | 1.6 | 4.1 | **90.6** | 1.1 | **89.5** | 162.4 | **251.9** |
| **Promotion of Foreign Direct Investment and Science and Technology Cooperation** | | | | | | | | |
| Main Estimates | 6.0 | - | 4.5 | **10.5** | - | **10.5** | - | **10.5** |
| Planned Spending | 5.3 | - | 6.8 | **12.1** | - | **12.1** | - | **12.1** |
| Total Authorities | 6.7 | - | 8.1 | **14.8** | - | **14.8** | - | **14.8** |
| Actual Spending | 4.9 | - | 8.1 | **13.0** | - | **13.0** | - | **13.0** |
| **Total** | | | | | | | | |
| **Main Estimates** | **1,551.7** | **117.0** | **729.9** | **2,398.7** | **253.7** | **2,145.0** | **209.0** | **2,354.0** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Planned Spending** | **1,577.1** | **141.2** | **760.9** | **2,479.3** | **253.7** | **2,225.6** | **209.0** | **2,434.6** |
| **Total Authorities** | **1,677.5** | **150.5** | **1,278.8** | **3,106.8** | **253.9** | **2,852.9** | **162.4** | **3,015.3** |
| **Actual Spending** | **1,567.0** | **143.5** | **1,181.3** | **2,891.7** | **250.6** | **2,641.1** | **162.4** | **2,803.5** |

Note: Due to rounding, figures may not add to totals shown.

**Table 3: Voted and Statutory Items ($ millions)**

| | | 2006-2007 | | | |
|---|---|---|---|---|---|
| **Voted or Statutory Item** | **Truncated Vote or Statutory Wording** | **Main Estimates** | **Planned Spending** | **Total Authorities** | **Total Actuals** |
| 1 | Operating expenditures | 1,025.8 | 1,205.7 | 1,321.5 | 1,269.9 |
| 5 | Capital expenditures | 115.7 | 141.3 | 143.5 | 136.4 |
| 10 | Grants and Contributions | 718.7 | 760.7 | 750.7 | 653.3 |
| 15 | Operating expenditures | 156.0 | - | - | - |
| 20 | Grants and Contributions | 10.9 | - | - | - |
| 12a | To forgive certain debts and obligations due to Her Majesty in right of Canada in an aggregate amount of US$110,100,000 (equal to approximately C$122,201,000) and representing a decrease equal to the respective amount indicated below to the principal balances otherwise owed by the following respective debtors: Republic of Cameroon, $2,981,000; Republic of Congo, $1,559,000; Republic of Madagascar, $29,408,000; Republic of Rwanda, $4,072,000; United Republic of Tanzania, $58,603,000; and Republic of Zambia, $25,578,000 | - | - | 126.9 | 126.9 |
| (S) | Minister of Foreign Affairs and Minister for the Atlantic Canada Opportunities Agency salary and motor car allowance | 0.1 | 0.1 | 0.1 | 0.1 |
| (S) | Minister for International Trade salary and motor car allowance | 0.1 | 0.1 | 0.1 | 0.1 |
| (S) | Payment under the Diplomatic Service (Special) Superannuation Act | 0.3 | 0.3 | 0.1 | 0.1 |
| (S) | Contributions to employee benefit plans | 99.1 | 99.1 | 73.3 | 73.3 |
| (S) | Passport Revolving Fund | - | - | 25.3 | (29.6) |
| (S) | Payments to Export Development Canada for the purpose of facilitating and developing trade between Canada and other countries under the terms of the Export Development Act (Budgetary) | 18.3 | 18.3 | (30.9) | (30.9) |
| (S) | Forgiveness of non-budgetary loans pursuant to Section 23(3) of the Export Development Act | - | - | 3.4 | 3.4 |
| (S) | Refund of amounts credited to revenue in previous years | - | - | - | - |
| (S) | Collection agency fees | - | - | - | - |
| (S) | Spending of proceeds from disposal of surplus Crown assets | - | - | 3.2 | 2.5 |
| (S) | Loss on foreign exchange | - | - | 7.1 | 7.1 |
| (S) | Losses on foreign exchange (Export Development Canada) | - | - | 48.6 | 48.6 |
| (S) | Administrative fees (Export Development Canada) | - | - | 14.4 | 14.4 |
| (S) | Payments for foreign aid | - | - | 25.0 | 25.0 |
| (S) | Payments to meet Canada's obligations under the Softwood Lumber Agreement under the Softwood Lumber Products Exchange Act, 206 | - | - | 502.9 | 502.9 |

| | | | | | |
|---|---|---|---|---|---|
| | **Total Budgetary** | **2,145.0** | **2,225.6** | **3,015.3** | **2,803.5** |
| (S) | Payments to Export Development Canada for the purpose of facilitating and developing trade between Canada and other countries under the terms of the Export Development Act (Non-budgetary) | 209.0 | 209.0 | 7,124.3 | - |
| | **Total Budgetary and Non-budgetary** | **2,354.0** | **2,434.6** | **10,139.6** | **2,803.5** |

Note: Votes 15 and 20 have been combined with Votes 5 and 10 since the two departments have been reintegrated in the Supplementary Estimates A and B.
Note: Due to rounding, figures may not add to totals shown.

**Table 4: Services Received Without Charge ($ millions)**

| | 2006-2007 |
|---|---|
| | **Actual Spending** |
| Accommodation provided by Public Works and Government Services Canada (PWGSC) | 28.1 |
| Contributions covering employer's share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds) | 50.4 |
| Workers' Compensation coverage provided by Social Development Canada | 0.3 |
| Salary and associated expenditures of legal services provided by Justice Canada | 2.6 |
| **2006-2007 Net Cost of the Department** | **81.4** |

Note: Due to rounding, figures may not add to totals shown.

**Table 5: Loans, Investments and Advances (Non-budgetary) ($ millions)**

| Business Line | 2004-2005 | 2005-2006 | 2006-2007 | | | |
|---|---|---|---|---|---|---|
| | **Actual** | **Actual** | **Main Estimates** | **Planned Spending** | **Total Authorities** | **Actual** |
| **Corporate Services** | | | | | | |
| Working capital advance for loans and advances to personnel working or engaged abroad in accordance with Vote L12c | 0.1 | 2.3 | - | - | 6.9 | (0.5) |
| Working capital advance for advances to posts abroad in accordance with Vote 630 | (3.8) | 4.4 | - | - | 26.0 | (5.6) |
| **Total** | **(3.7)** | **6.7** | **-** | **-** | **32.9** | **(6.1)** |

Note: Due to rounding, figures may not add to totals shown.

| Table 6: Sources of Respendable and Non-respendable Revenue ($ millions) | | | | | | |
|---|---|---|---|---|---|---|
| **Respendable Revenue** | | | | | | |
| **Program Activity** | **2004-2005** | **2005-2006** | **2006-2007** | | | |
| | **Actual** | **Actual** | **Main Estimates** | **Planned Revenue** | **Total Authorities** | **Actual** |
| **Strategic Policy and Public Diplomacy** | | | | | | |
| International Youth Exchange | 1.5 | 1.2 | N/A | 1.5 | 1.5 | 1.4 |
| Canadian Education Centres | 0.3 | 0.0 | N/A | 1.1 | 1.1 | 0.0 |
| | **1.8** | **1.2** | **0.0** | **2.6** | **2.6** | **1.4** |
| **Common Services and Infrastructure (Support from Headquarters)** | | | | | | |
| Real property services abroad | 7.2 | 7.7 | N/A | 9.3 | 9.3 | 1.1 |
| Telecommunication services | 0.3 | 0.7 | N/A | 1.2 | 2.1 | 1.2 |
| Training services | 0.9 | 5.0 | N/A | 1.0 | 5.0 | 5.1 |
| Shared services from the Department of Foreign Affairs and International Trade (International Trade) | 0.0 | 1.4 | N/A | 6.4 | 1.4 | 0.0 |
| | **8.4** | **14.8** | **0.0** | **17.9** | **17.8** | **7.4** |
| **Common Services and Infrastructure (Missions Abroad)** | | | | | | |
| Telecommunication services | 1.1 | 0.0 | N/A | 0.9 | 0.0 | 0.0 |
| Training services | 3.6 | 0.0 | N/A | 4.0 | 0.0 | 0.0 |
| Shared services from the Department of Foreign Affairs and International Trade (International Trade) | 0.0 | 29.2 | N/A | 24.4 | 29.1 | 0.0 |
| | **4.7** | **29.2** | **0.0** | **29.3** | **29.1** | **0.0** |
| **Consular Affairs** | | | | | | |
| Specialized consular services | 2.1 | 3.1 | N/A | 2.9 | 3.2 | 3.2 |
| | **2.1** | **3.1** | **N/A** | **2.9** | **3.2** | **3.2** |
| **International Business Development** | | | | | | |
| Trade fairs and trade/investment technology missions | 1.2 | 0.7 | N/A | 3.1 | 3.1 | 1.1 |
| | **1.2** | **0.7** | **N/A** | **3.1** | **3.1** | **1.1** |
| **Passport Services** | | | | | | |
| Passport fees | 164.5 | 195.9 | N/A | 198.1 | 198.1 | 237.5 |
| | **164.5** | **195.9** | **N/A** | **198.1** | **198.1** | **237.5** |
| **Total Respendable Revenue** | **182.7** | **244.9** | **0.0** | **253.9** | **253.9** | **250.6** |

| Non-respendable Revenue | | | | | | |
|---|---|---|---|---|---|---|
| Program Activity | 2004-2005 | 2005-2006 | 2006-2007 | | | |
| | Actual | Actual | Main Estimates | Planned Revenue | Total Authorities | Actual |
| **Common Services and Infrastructure (Support from Headquarters)** | | | | | | |
| Adjustment to previous year's expenditures | 1.7 | 8.8 | N/A | 0.6 | 1.5 | 1.5 |
| Other | 1.9 | 0.1 | N/A | 0.2 | 0 | 0 |
| | **3.6** | **8.9** | **0** | **0.8** | **1.5** | **1.5** |
| **Bilateral Relations** | | | | | | |
| Adjustment to previous year's expenditures | 0 | 0 | N/A | 0 | 1 | 1 |
| | **0** | **0** | **N/A** | **0** | **1** | **1** |
| **Global Issues** | | | | | | |
| Adjustment to previous year's expenditures | 0.6 | 3.1 | N/A | 0 | 0.6 | 0.6 |
| | **0.6** | **3.1** | **N/A** | **0** | **0.6** | **0.6** |
| **Common Services and Infrastructure (Missions Abroad)** | | | | | | |
| Sales of properties and other assets | 14.7 | 15.6 | N/A | 13.8 | 6.2 | 6.2 |
| Employee rental shares | 18.2 | 11.4 | N/A | 12.2 | 17.3 | 17.3 |
| Services provided to Passport Canada | 4.4 | 4.4 | N/A | 4.4 | 4.4 | 4.4 |
| Adjustment to previous year's expenditures | 0.7 | 3.7 | N/A | 2.4 | 5.2 | 5.2 |
| Gain on foreign exchange | 3.3 | 4.0 | N/A | 0.0 | 6.8 | 6.8 |
| Other | 0.0 | 0.6 | N/A | 0.8 | 0.0 | 0.0 |
| | **41.3** | **39.7** | **0.0** | **33.6** | **39.9** | **39.9** |
| **Consular Affairs** | | | | | | |
| Consular fees | 58.0 | 64.9 | N/A | 66.5 | 76.2 | 76.2 |
| Adjustment to previous year's expenditures | 0.2 | 1.0 | N/A | 0.0 | 0.4 | 0.4 |
| | **58.2** | **65.9** | **0.0** | **66.5** | **76.6** | **76.6** |
| **Protocol** | | | | | | |
| Adjustment to previous year's expenditures | 0 | 0 | N/A | 0 | 0.5 | 0.5 |
| | **0** | **0** | **N/A** | **0** | **0.5** | **0.5** |
| **Strategic Policy & Public Diplomacy** | | | | | | |
| Adjustment to previous year's expenditures | 0.9 | 4.7 | N/A | 0 | 0.3 | 0.3 |
| | **0.9** | **4.7** | **N/A** | **0** | **0.3** | **0.3** |
| **Trade Policy and Negotiations** | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Import and export permit fees | 18.6 | 7.7 | N/A | 8.0 | 8.7 | 8.7 |
| Adjustment to previous year's expenditures | 2.3 | 0.0 | N/A | 0.0 | 0.0 | 0.0 |
| | **20.9** | **7.7** | **0.0** | **8.0** | **8.7** | **8.7** |
| **International Security** | | | | | | |
| Adjustment to previous year's expenditures | 0 | 0 | N/A | 0 | 1.5 | 1.5 |
| | **0** | **0** | **N/A** | **0** | **1.5** | **1.5** |
| **International Business Development** | | | | | | |
| Contributions repaid under the Program for Export Market Development | 2.4 | 1.6 | N/A | 2.0 | 0.9 | 0.9 |
| Adjustment to previous year's expenditures | 0.1 | 0.0 | N/A | 0.0 | 0.0 | 0.0 |
| | **2.5** | **1.6** | **0.0** | **2.0** | **0.9** | **0.9** |
| **International Business Development—Export Development Canada** | | | | | | |
| Development of export trade | 0.0 | 0.0 | 0.0 | 0.0 | 78.4 | 78.4 |
| Dividend | 0.0 | 0.0 | 0.0 | 0.0 | 350.0 | 350.0 |
| Gain on foreign exchange | 0.0 | 0.0 | 0.0 | 0.0 | 115.9 | 115.9 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 16.5 | 16.5 |
| | **0.0** | **0.0** | **0.0** | **0.0** | **560.8** | **560.8** |
| **Corporate Services** | | | | | | |
| Adjustment to previous year's expenditures | 0.0 | 2.7 | N/A | 5.8 | 1.5 | 1.5 |
| Other | 0.0 | 0.2 | N/A | 1.0 | 1.2 | 1.2 |
| Employee rental shares | 0.0 | 5.4 | N/A | 0.0 | 0.0 | 0.0 |
| | **0.0** | **8.3** | **0.0** | **6.8** | **2.7** | **2.7** |
| **Total Non-respendable Revenue** | **128.0** | **139.9** | **0.0** | **117.7** | **695.0** | **695.0** |
| Note: Due to rounding, figures may not add to totals shown. | | | | | | |

## Table 7: Passport Office Revolving Fund Financial Statements ($ millions)

### Table 7-A: Statement of Operations

| | 2004-2005 | 2005-2006 | 2006-2007 | | | |
|---|---|---|---|---|---|---|
| | Actual Spending | Actual Spending | Main Estimates | Planned Spending | Total Authorities | Actual |
| **Respendable Revenue** | 167.2 | 195.9 | 198.1 | 198.1 | 198.1 | 231.5 |
| **Operating Expenses** | | | | | | |
| Salaries and employee benefits | 92.7 | 113.7 | 104.4 | 104.4 | 104.4 | 121.9 |
| Employee termination benefits | 1.8 | 2.3 | 0.4 | 0.4 | 0.4 | 1.9 |
| Passport material | 12.1 | 15.0 | 14.3 | 14.3 | 14.3 | 17.8 |
| Passport operations at missions abroad | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 | 4.4 |
| Accommodation | 9.9 | 10.4 | 10.6 | 10.6 | 10.6 | 11.1 |
| Professional and special services | 8.5 | 7.1 | 10.9 | 10.9 | 10.9 | 8.2 |
| Depreciation | 11.1 | 12.6 | 13.6 | 13.6 | 13.6 | 12.5 |
| Freight, express and cartage | 13.6 | 17.9 | 18.4 | 18.4 | 18.4 | 21.3 |
| Telecommunications | 2.4 | 3.3 | 3.4 | 3.4 | 3.4 | 3.2 |
| Printing, stationery and supplies | 2.8 | 3.1 | 4.7 | 4.7 | 4.7 | 3.0 |
| Others | 3.8 | 9.3 | 13.0 | 13.0 | 13.0 | 11.3 |
| **Surplus (Deficit):** | 4.2 | -3.4 | -0.0 | -0.0 | -0.0 | 14.9 |

### Table 7-B: Statement of Cash Flows

| | 2004-2005 | 2005-2006 | 2006-2007 | | | |
|---|---|---|---|---|---|---|
| | Actual Spending | Actual Spending | Main Estimates | Planned Spending | Total Authorities | Actual |
| Surplus (Deficit): | 4.2 | -3.4 | -0.0 | -0.0 | -0.0 | 14.9 |
| Add non-cash item: | | | | | | |
| Depreciation/amortization | 11.1 | 12.6 | 13.6 | 13.6 | 13.6 | 12.5 |
| Provision for employee termination benefits | 1.4 | 1.6 | | | | 1.6 |
| Deferred leasehold inducements | 0.0 | 0.0 | | | | |
| Interest on loan | 0.0 | 0.0 | | | | |
| Loss on disposal of capital assets | 0.0 | 0.0 | | | | |
| Add cash inflows: | | | | | | |
| Gain on loan forgiveness | | 0.0 | | | | |
| TB funding—Security Strategy & OAG | 2.2 | 10.3 | 5.0 | 5.0 | 5.0 | 3.8 |
| Changes in working capital | -1.0 | -0.8 | -3.5 | -3.5 | -3.5 | 4.6 |
| Investing activities: | | | | | | |
| Acquisition of depreciable assets | -16.8 | -6.7 | -15.1 | -15.1 | -15.1 | -7.0 |
| Loan from FAC (repayment) | -4.5 | | | | | |
| **Cash Surplus (Requirement)** | -3.4 | 13.7 | -0.0 | -0.0 | -0.0 | 30.4 |

**Table 7-C: Projected Use of Authority**

| | 2004-2005 | 2005-2006 | 2006-2007 | | | |
|---|---|---|---|---|---|---|
| | Actual Spending | Actual Spending | **Main Estimates** | **Planned Spending** | **Total Authorities** | **Actual** |
| Authority | | | | | | |
| Drawdown: | | | | | | |
| Balance as at April 1 | 14.8 | 11.7 | 18.0 | 18.0 | 18.0 | 24.5 |
| Projected surplus (drawdown) | -3.4 | 13.7 | 0.0 | 0.0 | 0.0 | 30.4 |
| **Projected Balance at March 31** | 11.4 | 25.3 | 18.0 | 18.0 | 18.0 | 54.9 |

Note: Due to rounding, figures may not add to totals shown.

**Table 8: Resource Requirements by Branch and Program Activity ($ millions)**

| | International Security | Global Issues | Bilateral Relations | Strategic Policy and Public Diplomacy | Protocol | Common Services and Infrastructure (Support from HQ) | Common Services and Infrastructure (Missions Abroad) | Consular Affairs | Trade Policy and Negotiations | World Markets / Commercial Relations | International Business Development | Promotion of Foreign Direct Investment in Science and Technology | Passport | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Minister and Deputy Minister Office | | | | | | | | | | | | | | |
| Planned Spending | 0.3 | 0.2 | 0.6 | 0.1 | 0.4 | 0.6 | 1.4 | 0.8 | 1.0 | 0.8 | 1.8 | 0.2 | 0.0 | 8.1 |
| Actual Spending | 0.2 | 0.3 | 0.5 | 0.1 | 0.3 | 0.5 | 0.6 | 1.2 | 0.9 | 0.7 | 1.5 | 0.2 | 0.0 | 6.9 |
| Bureaus Reporting Directly to DM | | | | | | | | | | | | | | |
| Planned Spending | 1.2 | 0.8 | 3.1 | 0.5 | 32.6 | 2.3 | 11.3 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 52.8 |
| Actual Spending | 1.4 | 1.9 | 3.7 | 1.6 | 36.6 | 2.7 | 13.4 | 1.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 62.5 |
| International Security | | | | | | | | | | | | | | |
| Planned Spending | 320.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 320.0 |
| Actual Spending | 317.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 317.3 |
| Global Issues | | | | | | | | | | | | | | |
| Planned Spending | 0.0 | 478.2 | 0.0 | 0.0 | 0.0 | 0.0 | 17.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 495.4 |
| Actual Spending | 0.0 | 406.5 | 0.0 | 0.0 | 0.0 | 0.0 | 14.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 421.1 |
| Bilateral Relations | | | | | | | | | | | | | | |
| Planned Spending | 0.7 | 15.2 | 99.6 | 0.0 | 0.0 | 0.0 | 452.4 | 28.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 596.7 |
| Actual Spending | 0.7 | 18.4 | 74.1 | 0.0 | 0.0 | 0.0 | 458.0 | 28.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 579.5 |
| North America | | | | | | | | | | | | | | |
| Planned Spending | 0.0 | 0.0 | 26.9 | 0.0 | 0.0 | 0.0 | 106.2 | 11.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 144.9 |
| Actual Spending | 0.0 | 0.0 | 20.1 | 0.0 | 0.0 | 0.0 | 110.8 | 68.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 198.9 |
| Strategic Policy and Public Diplomacy | | | | | | | | | | | | | | |
| Planned Spending | 0.0 | 0.0 | 0.0 | 40.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 40.1 |
| Actual Spending | 0.0 | 0.0 | 0.0 | 38.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 38.3 |
| Legal Adviser | | | | | | | | | | | | | | |
| Planned | 9.0 | 4.0 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 14.2 |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Spending<br>Actual Spending | 8.6 | 17.7 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 27.7 |
| Corporate Services<br>Planned Spending<br>Actual Spending | 22.2<br>17.7 | 9.7<br>11.2 | 23.3<br>15.5 | 4.0<br>6.3 | 4.2<br>3.9 | 171.1<br>162.0 | 30.2<br>29.9 | 5.1<br>4.2 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 269.8<br>250.8 |
| Human Resources<br>Planned Spending<br>Actual Spending | 7.7<br>7.0 | 4.9<br>7.3 | 11.6<br>12.5 | 1.7<br>2.6 | 1.5<br>1.7 | 38.8<br>44.1 | 12.0<br>13.6 | 3.6<br>4.1 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 81.8<br>92.9 |
| Business Development and Chief Trade Commissioner (Note 3)<br>Planned Spending<br>Actual Spending | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 46.4<br>48.1 | 0.0<br>0.0 | 0.0<br>0.0 | 46.4<br>48.1 |
| Trade Policy and Negotiations<br>Planned Spending<br>Actual Spending (Note 1) | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 48.6<br>539.3 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 48.6<br>539.3 |
| World Markets<br>Planned Spending<br>Actual Spending | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 37.9<br>30.3 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 37.9<br>30.3 |
| Investment, Science and Technology<br>Planned Spending<br>Actual Spending | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 11.5<br>12.2 | 0.0<br>0.0 | 11.5<br>12.2 |
| Communications, Strategic Policy and Business Planning<br>Planned Spending<br>Actual Spending | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 0.0<br>0.0 | 2.1<br>2.0 | 2.5<br>2.4 | 34.0<br>39.9 | 0.5<br>0.5 | 0.0<br>0.0 | 39.1<br>44.8 |
| Export Development Canada<br>Planned Spending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 227.3 | 0.0 | 0.0 | 227.3 |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Actual Spending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 162.4 | 0.0 | 0.0 | 162.4 |
| Passport Canada | | | | | | | | | | | | | | |
| Planned Spending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Actual Spending | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -29.6 | -29.6 |
| **Total Planned Spending** | 361.1 | 513.0 | 165.7 | 46.4 | 38.7 | 212.8 | 630.7 | 51.7 | 51.7 | 41.2 | 309.5 | 12.2 | 0.0 | 2,434.6 |
| **Total Actual Spending** | 353.0 | 463.2 | 127.0 | 49.0 | 42.5 | 209.3 | 640.9 | 107.9 | 542.2 | 33.4 | 251.9 | 12.9 | -29.6 | 2,803.5 |

Note: Due to rounding, figures may not add to totals shown.

## Table 9-A: User Fees Act

| A. User Fee | Fee Type | Fee-setting Authority | Date Last Modified | 2006-2007 | | | | | Planning Years | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Forecast Revenue ($ 000) | Actual Revenue ($ 000) | Full Cost ($ 000) | Performance Standard | Performance Results | Fiscal Year | Forecast Revenue ($ 000) | Estimated Full Cost ($ 000) |
| Consular Services Fee | Other—Cost Recovery | Consular Services Fees Regulations http://laws.justice.gc.ca/en/E-22/SOR-95-538/index.html pursuant to the Department of Foreign Affairs and International Trade Act. | The Consular Services Fee was introduced on November 8, 1995. It has not been modified. | 64,900 | 76,207 | n/a | See i) | In 2006-2007, consular officers dealt with over 1.3 million requests for consular services, which resulted in 244,700 cases being opened (including passport cases). Feedback indicated that 97% of respondents were satisfied or very satisfied with the overall service that they received (the same as in 2005-2006). An airport survey undertaken in March 2007 found that travellers who were familiar with the travel advisories on the consular website (http://www.voyage.gc.ca) were very positive in their assessment of this information source, with 87% saying it was very or somewhat useful. | 07-08<br>08-09<br>09-10 | 70,000<br>70,000<br>70,000 | 71,363<br>71,363<br>71,363 |
| Specialized Consular Services Fee | Other—Cost Recovery | Consular Fees (Specialized Services) Regulations http://www.voyage.gc.ca/main/about/consular_fees-en.asp#1 pursuant to paragraph 19(1) (a) of the Financial Administration Act. | Fees have been collected since 1958 pursuant to the Regulations Respecting the Fees to be Charged for Consular Services, SOR / 58-133. The most recent modification occurred in 1998. | 3,100 | 3,189 | n/a | See i) | Missions abroad reported dealing with 75,200 legal/notary cases (which includes service delivery and related inquiries) in 2006, an increase of 2% from the previous year. (Revenue also increased by 2%.) Client feedback from 33 clients demonstrated an overall satisfaction level with the legal/notary service of 96%. | 07-08<br>08-09<br>09-10 | 3,100<br>3,100<br>3,100 | 3,416<br>3,416<br>3,416 |
| | | | | Subtotal (R)<br>Subtotal (O)<br>Total | Subtotal (R)<br>Subtotal (O)<br>Total | Subtotal (R)<br>Subtotal (O)<br>Total | | | Subtotal<br>Subtotal<br>Subtotal | 06-07<br>07-08<br>08-09<br>Total | 06-07<br>07-08<br>08-09<br>Total |
| B. Date Last Modified: N/A | | | | | | | | | | | |
| C. Other Information | | | | | | | | | | | |

Note: Due to rounding, figures may not add to totals shown.

**i) Performance standard:** Every effort will be made to obtain solutions for specific problems and to provide the required service. However, our ability to do so and our success are conditioned, in many instances, by the laws and regulations of other countries as well as by the quality and level of cooperation offered by persons and organizations outside the Government of Canada.

| A. User Fee | Fee Type | Fee-setting Authority | Date Last Modified | 2006-2007 | | | | | Planning Years | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Forecast Revenue ($ 000) | Actual Revenue ($ 000) | A. User Fee | Fee Type | Fee-setting Authority | Date Last Modified | Forecast Revenue ($ 000) | Actual Revenue ($ 000) |
| Passport Canada Revolving Fund | Other products and services (O) | Passport Service fee regulation | Dec 11, 2001 | 198,087 | 231,518 | 216,649<br><br>(198,087) | The standard turnaround times are 10 days for over-the counter applications and 20 days for mail-in applications | For the fiscal year, overall turnaround time standards were met for 77.9% of applications due to strong performance through November 2006. However, as volumes significantly exceeded capacity between December and March there was a decrease in performance for those 4 months. The percentage of applications processed within turnaround time standards between December and March was 36.9%. | 07-08<br>08-09<br>09-10 | 239,208<br>259,763<br>246,173 | 233,130<br>259,763<br>246,173 |
| B. Date Last Modified: | | | | | | | | | | | |
| C. Other Information: | | | | | | | | | | | |
| Note: Due to rounding, figures may not add to totals shown. | | | | | | | | | | | |

| A. User Fee | Fee Type | Fee-setting Authority | Date Last Modified | 2006-2007 | | | | | Planning Years | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Forecast Revenue ($ 000) | Actual Revenue ($ 000) | A. User Fee | Fee Type | Fee-setting Authority | Date Last Modified | Forecast Revenue ($ 000) | Actual Revenue ($ 000) |
| Fees charged for the processing of access requests filed under the Access to Information Act (ATIA) | Other products and services (O) | Access to Information Act | 1992 | 8 | 4 | 1,700 | Response provided within 30 days following receipt of request; the response time may be extended pursuant to section 9 of the ATIA. Notice of extension to be sent within 30 days after receipt of request.<br><br>The Access to Information Act provides fuller details: http://laws.justice.gc.ca/en/A-1/218072.html. | Statutory deadlines met at 82.8% of the time. | 07-08<br>08-09<br>09-10 | 17<br>17<br>17 | 2,000<br>2,000<br>2,000 |
| | | | | Sub-Total (R)<br>Sub-total (O)<br>Total | Sub-Total (R)<br>Sub-total (O)<br>Total | Sub-Total (R)<br>Sub-total (O)<br>Total | | | Sub-total:<br>Sub-total:<br>Sub-total | 07-08<br>08-09<br>09-10<br>Total | 07-08<br>08-09<br>09-10<br>Total |
| B. Date Last Modified: N/A | | | | | | | | | | | |
| C. Other Information:<br>The department is implementing a comprehensive Business Plan to address the performance gap in processing of access requests and intends to significantly improve the overall service in the short and longer term. | | | | | | | | | | | |
| Note: Due to rounding, figures may not add to totals shown. | | | | | | | | | | | |

| A. User Fee | Fee type | Fee-setting Authority | Date Last Modified | 2006-2007 | | | | | Planning Years | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Revenue Forecast ($000) | Actual Revenue ($000) | Full Cost ($000) | Performance Standard | Performance Results | Fiscal Year | Forecast Revenue ($000) | Estimated Full Cost ($000) |
| Property-Related Lettings and Sublettings. | (o) Other—Cost Recovery (Lease of public property) | Department of Foreign Affairs and International Trade Act, FAA, TB Cost Recovery and Charging Policy, 1997 TB Decision on Net Voting, TB Real Property Revenue Policy | March 20, 1997 | 566 | 479 | 479 | Available space is let out to third parties as soon as an appropriate tenant is identified and terms are negotiated. Space is fully demised from main mission space. All transactions are in accordance with local and international laws and regulations governing property and diplomatic rights. | In 2006-2007 the department administered eight letting agreements. Ninety percent of surplus space is let out within six to eight months, and 90% of agreements are renewed in accordance with market standards. | 07-08 | 517 | 517 |
| | | | | | | | | | 08-09 | 533 | 533 |
| | | | | | | | | | 09-10 | 542 | 542 |
| B. Date Last Modified: March 20, 1997 | | | | | | | | | | | |
| C. Other Information | | | | | | | | | | | |
| Note: Due to rounding, figures may not add to totals shown. | | | | | | | | | | | |

| A. User Fee | Fee type | Fee-setting Authority | 2006-2007 | | | | | Planning Years | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Date Last Modified | Revenue Forecast ($000) | Actual Revenue ($000) | Fee Type | Full Cost ($000) | Performance Standard | Performance Results | Fiscal Year | Forecast Revenue ($000) | Estimated Full Cost ($000) |
| IYP | Other-Program Participation Fee (PPF) | TBS Charging Policy Authorization No. 828483 pursuant to section 19(1)(b) of the Financial Administration Act and subsection 4(2) of the User Fee Act (UFA). | Jan 2001 | 1,400 | 1,400 | The fee level ($150) is based on the underlying costs incurred to operate and manage the program. This fee is comparable to international norms. It is similar to fees charged to Canadian participants in Australia and New Zealand and is paid only by individuals accepted into the program. The pricing strategy is also designed to ensure that the related revenues do not exceed the cost of managing and delivering the program in Canada and abroad. Each year, DFAIT checks with Australia and New Zealand to ensure that the participation fee is still in line with fees these two countries charge to Canadian participants. | 1,400 | Young foreigners who pay the $150 PPF and who are eligible to participate in the IYP can expect to have their applications reviewed and processed and to receive their "Letters of Introduction" or rejection notice from Citizenship and Immigration (CIC) within approximately 10 working days. Refunds are issued to non-eligible applicants. | During 2006-2007, 33,000 young foreigners participated in the IYP in Canada. 23,000 young Canadians travelled abroad during the same period. Canada hosted almost 8,000 young Australians and fewer than 2,000 young New Zealanders in that same period. | 08-09<br>09-10 | 4,000 (with the Implementation of the new worldwide PPF) | |
| B. Date Last Modified: | | | | | | | | | | | | |

| C. Other Information: |
| --- |
| Note: Due to rounding, figures may not add to totals shown. |

## Table 9-B: Policy on Service Standards for External Fees

Supplementary information on the Policy on Service Standards can be found at http://publiservice.tbs-sct.gc.ca/rma/dpr2/06-07/index_e.asp.

## Table 10: Progress Against the Department's Regulatory Plan

Supplementary information on the Progress Against the Department's Regulatory Plan can be found at http://publiservice.tbs-sct.gc.ca/rma/dpr2/06-07/index_e.asp.

## Table 11: Details on Project Spending

Berlin, Germany: Chancery construction
Dhaka, Bangladesh: Construction of diplomatic complex
Moscow, Russia: Fit-up of new chancery and residential accommodation
Rome, Italy: Chancery acquisition and fit-up
Seoul, Korea: Construction of chancery and 7 staff quarters.

Supplementary information on Project Spending can be found at http://publiservice.tbs-sct.gc.ca/rma/dpr1/06-07/index_e.asp.

## Table 13: Details on Transfer Payment Programs (TPPs)

- An Act to Authorize the Minister of Finance to Make Certain Payments, 2005 (to support the reform of the Afghan National Police and the implementation of the Afghan National Drug Control Strategy)
- Commonwealth Secretariat (TB#646044)
- Projects and Development Activities Resulting from Francophone Summits (TB#830314)
- International Organisation of the Francophonie (OIF) (TB#709620)
- Initiatives related to the destruction, disposition and securing of weapons of mass destruction (TB#830799, TB#831536, TB#131449, TB#832273)
- Food and Agriculture Organization (FAO) (TB#783317)
- Payments in lieu of taxes on diplomatic, consular and international organizations' property in Canada (TB#826663)
- Global Peace and Security Fund (GPSF) and its component programs: the Global Peace and Security Program (GPSP), the Global Peace Operations Program (GPOP), and the Human Security Program (HSP) (TB#832435, TB#832989)
- Grants and Contributions in Aid of Academic Relations (TB#810393)
- Grants in Aid of Cultural Relations (TB#829976)
- International Atomic Energy Agency (IAEA) (TB#812890)
- International Criminal Court (ICC) (TB#830101)
- International Labour Organization (ILO) (TB#812690)
- North Atlantic Treaty Organization (NATO)—Civil Administration (TB#807627)
- Organization of American States (OAS) (TB#814057)
- Organization for Economic Cooperation and Development (OECD) (TB#738356)
- Organization for Security and Cooperation in Europe (OSCE) (TB#820933)
- United Nations Organization (UNO) (TB#769691)
- UN Educational, Scientific and Cultural Organization (UNESCO) (TB#809653)
- UN Peacekeeping Operations (TB#828489)
- World Trade Organization (WTO) (TB#831054)
- World Health Organization (WHO) (TB#784857)

Further information on these projects can be found at http://publiservice.tbs-sct.gc.ca/rma/dpr1/06-07/index_e.asp.

## Table 14: Conditional Grants (Foundations)

Asia Pacific Foundation
Centre for International Governance Innovation
Forum of Federations

Supplementary information on Conditional Grants can be found at http://publiservice.tbs-sct.gc.ca/rma/dpr1/06-07/index_e.asp.

## Table 15: Financial Statements of Departments and Agencies (including Agents of Parliament) and Revolving Fund Financial Statements

**Statement of Management Responsibility**

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2007, and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted to the Public Accounts of Canada and included in the department's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal controls designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are in accordance with the Financial Administration Act, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

Management is supported by both a Departmental Audit Committee (DAC) and a Departmental Evaluation Committee (DEC), which formerly operated together as a single committee. The DEC has recently been established to guide and oversee evaluation and performance reporting activities to enable the use of evaluation findings in management and decision making. The DAC is undergoing fundamental changes to its structure, as dictated by the 2006 TBS government-wide Policy on Internal Audit, and will soon include members external to DFAIT. The role of the DAC remains unchanged: it oversees management's responsibilities for maintaining adequate processes and key control systems and reviews assessments of the probity and prudence of DFAIT operations. The DAC will also review and recommend for approval internal audit plans and recommend for approval internal audit reports and the accompanying management action plans addressing recommendations.

The financial statements of the department have not been audited.

Marie-Lucie Morin
Deputy Minister for International Trade
Ottawa, Canada

Leonard Edwards
Deputy Minister of Foreign Affairs
Ottawa, Canada

Doreen Steidle
Assistant Deputy Minister
Corporate Services
Ottawa, Canada

**Statement of Operations (*Unaudited*)**
For the Year Ended March 31
*(in thousands of dollars)*

| | | 2007 | | 2006 (Restated) |
|---|---|---|---|---|
| **Expenses from operations** (Note 4) | | | | |
| Trade Policy and Negotiations | $ | 557,991 | $ | 71,307 |
| Global Issues | | 473,171 | | - |
| International Security | | 381,813 | | 709,412 |
| Common Services and Infrastructure: | | | | |
| Missions Abroad | | 622,708 | | 704,246 |
| Support from Headquarters | | 190,961 | | 186,953 |
| Passport Services (Special Operating Agency) | | 221,033 | | 194,474 |
| Bilateral Relations | | 123,538 | | 253,299 |
| Consular Affairs | | 111,576 | | 52,415 |
| International Business Development | | 93,253 | | 53,222 |
| Strategic Policy and Public Diplomacy | | 50,786 | | 37,740 |
| Protocol | | 42,735 | | - |
| World Markets / Commercial Relations | | 34,344 | | - |
| Promotion of Foreign Direct Investment and Science and Technology Cooperation | | 13,331 | | 9,311 |
| **Total expenses from operations** | **$** | **2,917,240** | **$** | **2,272,379** |
| **Revenue from operations** (Note 5) | | | | |
| Trade Policy and Negotiations | | 457 | | 784 |
| Global Issues | | 1,488 | | - |
| International Security | | 1,133 | | 12,976 |
| Common Services and Infrastructure: | | | | |
| Missions Abroad | | 14,609 | | 73,384 |
| Support from Headquarters | | 12,358 | | 29,842 |
| Passport Services (Special Operating Agency) | | 235,298 | | 196,032 |
| Bilateral Relations | | 3,019 | | 18,434 |
| Consular Affairs | | 80,643 | | 8,542 |
| International Business Development | | 8,487 | | 1,459 |
| Strategic Policy and Public Diplomacy | | 1,863 | | 2,915 |
| Protocol | | 241 | | - |
| World Markets / Commercial Relations | | 533 | | - |
| Promotion of Foreign Direct Investment and Science and Technology Cooperation | | 110 | | 84 |
| **Total revenues from operations** | **$** | **360,239** | **$** | **344,452** |
| **Net cost of operations** | $ | 2,557,001 | $ | 1,927,927 |

| | | | | |
|---|---|---|---|---|
| **Other:** | | | | |
| Dividend Revenue | $ | 350,000 | | - |
| Canada Account | | | | |
| Expenses | $ | 52,872 | $ | 219,498 |
| Revenue | | 335,235 | | 180,359 |
| **Total other** | **$** | **(632,363)** | **$** | **39,139** |
| **Net results** | **$** | **1,924,638** | **$** | **1,967,066** |

The accompanying notes form an integral part of these financial statements.

| | | 2007 | | 2006 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Financial assets** | | | | |
| Accounts receivable and advances (Note 6) | | 529,166 | | 133,497 |
| Investments in Crown corporations (Note 7) | | 991,200 | | 991,200 |
| Canada Account loans (Note 8) | | 1,975,237 | | 2,215,808 |
| **Total financial assets** | **$** | **3,495,603** | **$** | **3,340,505** |
| **Non-financial assets** | | | | |
| Prepaid expenses | $ | 8,800 | $ | 7,156 |
| Inventory for resale | | 1,592 | | 2,507 |
| Consumable inventory | | 2,843 | | 2,676 |
| Tangible capital assets (Note 9) | | 1,027,523 | | 982,439 |
| **Total non-financial assets** | $ | 1,040,758 | $ | 994,778 |
| **TOTAL** | **$** | **4,536,361** | **$** | **4,335,283** |
| **Liabilities** | | | | |
| Accounts payable and accrued liabilities | $ | 802,249 | $ | 275,667 |
| Vacation pay and compensatory leave | | 42,418 | | 39,290 |
| Deferred revenue (Note 11) | | 2,376 | | 151 |
| Employee severance benefits (Note 12) | | 141,205 | | 159,281 |
| **Total liabilities** | $ | 988,248 | $ | 474,389 |
| **Equity of Canada** | $ | 3,548,113 | $ | 3,860,894 |
| **TOTAL** | **$** | **4,536,361** | **$** | **4,335,283** |

Contingent Liabilities (Note 13)
Contractual Obligations (Note 14)

| | | 2007 | | 2006 (Restated) |
|---|---|---|---|---|
| **Equity of Canada, beginning of year** | $ | 3,860,894 | $ | 3,807,549 |
| Net results of operations | | (1,924,638) | | (1,967,066) |
| Current year appropriations used (Note 3) | | 2,803,575 | | 1,967,078 |
| Revenue not available for spending | | (682,288) | | (260,821) |
| Refund of prior year expenditures | | (12,473) | | (23,999) |
| Services provided without charge by other government departments (Note 15) | | 81,400 | | 86,400 |
| Change in net position in the Consolidated Revenue Fund (Note 3) | | (578,357) | | 251,753 |
| **Equity of Canada, end of year** | **$** | **3,548,113** | **$** | **3,860,894** |

| | | 2007 | | 2006 (Restated) |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net results of operations | $ | 1,924,638 | $ | 1,967,066 |
| **Non-cash items:** | | | | |
| Amortization of tangible capital assets | $ | (74,344) | $ | (71,252) |
| (Loss) Gain on disposal and write-down of tangible capital assets | | 2,326 | | 11,013 |
| Services provided without charge by other government departments | | (81,400) | | (86,400) |
| **Variations in statement of financial position:** | | | | |
| Increase (decrease) in accounts receivable and advances | $ | 335,669 | $ | (106,594) |
| Increase (decrease) in prepaid expenses | | 1,644 | | 1,411 |
| Net increase (decrease) in Canada Account loans | | (240,571) | | 65,512 |
| Increase (decrease) in inventory | | (915) | | 132 |
| Increase (decrease) in consumable inventory | | 167 | | 966 |
| Decrease (increase) in accounts payable and accrued liabilities | | (526,582) | | 126,494 |
| Decrease (increase) in vacation pay and compensatory leave | | (3,128) | | (1,321) |
| Decrease (increase) in deferred revenue | | (2,225) | | 2 |
| Decrease (increase) in employee severance benefits | | 18,076 | | (14,354) |
| Cash used by operating activities | $ | 1,413,355 | $ | 1,892,675 |
| **Capital investment activities** | | | | |
| Acquisition of tangible capital assets | $ | 122,232 | $ | 56,998 |
| Proceeds from disposal of tangible capital assets | | (5,130) | | (15,662) |
| Cash used by capital investment activities | $ | 117,102 | $ | 41,336 |
| **Financing activities** | | | | |
| Net cash provided by Government of Canada | $ | (1, 530,457) | $ | (1,934,011) |

**Notes to the Financial Statements (unaudited)**

For the year ended March 31, 2007, with comparative figures for 2006

## 1. Authority and Objectives

The Department of Foreign Affairs and International Trade (hereinafter called "the department") operates under the legislation set out in the Department of Foreign Affairs and International Trade Act, RSC 1985, c. E-22. The department's desired strategic outcomes are: advancing Canada's interests internationally, serving Government abroad, serving Canadians abroad, understanding and advancing Canada's economic interests internationally and enabling Canada to succeed in the global marketplace. The department does this through the following activities:

- Trade Policy and Negotiations—analyzing, negotiating, advocating and representing Canada's international economic and commercial interests in Canada and abroad, in consultation with stakeholders.
- Global Issues—advocating a stronger and more effective multilateral system, capable of addressing Canada's interests in global issues, in particular international economic relations and development, environment and sustainable development, human rights and human security.
- International Security—advocating Canadian international security interests and human security program interests bilaterally and multilaterally, as well as managing the department's responsibilities with respect to security and intelligence.
- Common Services and Infrastructure—managing and providing common services to government programs and partners operating abroad through mission and headquarters support.
- Passport Services—managing and delivering passport services to Canadians through Passport Canada, a Special Operating Agency.
- Bilateral Relations—conducting and promoting Canada's bilateral relations, diplomatic, trade, investment and science and technology investment interests in Canada and abroad.
- Consular Affairs—managing and delivering consular services to Canadians.
- International Business Development—managing and delivering international business services to Canadians.
- Strategic Policy and Public Diplomacy—leading the formation of Canada's overall international policy and the interdepartmental development of whole-of-government strategies, including public diplomacy.
- Protocol—managing and facilitating the presence of foreign diplomats in Canada as well as planning and leading the official travel by the Governor General, the Prime Minister, Ministers of the Portfolio and all diplomatic officials' events.
- World Markets / Commercial Relations—integrating Canada's economic, trade, investment, and science and technology interests at the regional and bilateral level and managing commercial relations.
- Promotion of Foreign Direct Investment and Science and Technology Cooperation—attracting, retaining and expanding foreign direct investment in Canada.

The department is also responsible for the Canada Account, which is administered by Export Development Canada (EDC). The Canada Account supports export transactions which, though within the scope of EDC's authority, are considered to be outside of the organization's risk tolerance. These transactions may instead be conducted under the Canada Account if they are deemed to be in Canada's national interest by the Minister for International Trade and the Minister of Finance.

## 2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

**(a) Parliamentary appropriations**
The department is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the department do not parallel financial reporting according to Canadian generally accepted accounting principles, since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

**(b) Consolidation**
These financial statements include the accounts of Passport Canada. Revenue and expense transactions and asset and liability accounts between Passport Canada and the department have been eliminated. The department has recorded investments in the three Crown corporations: Canadian Commercial Corporation, Export Development Canada and the International Development Research Centre. These investments are recorded at cost. The results of the Crown corporations are not consolidated in these financial statements due to the fact that the department is not deemed to control these entities.

**(c) Net cash provided by Government**
The department operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF and all cash disbursements made by the department are paid from the

CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the federal government.

**(d) Change in net position in the Consolidated Revenue Fund**
The change in the net position of the CRF is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

**(e) Revenues**
Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. The department also receives revenues from regulatory fees that are recognized in the period in which the service is provided. Revenues that have been received but not yet earned for specified purposes are recorded as deferred revenues.

**(f) Expenses**
Expenses are recorded on the accrual basis:

i. grants are recognized in the year in which the conditions for payment are met. In the case of grants which do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements;
ii. contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement;
iii. vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment;
iv. services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

**(g) Employee future benefits**

i. **Pension benefits:** Eligible Canada-based staff (CBS) participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The department's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the department to make contributions for any actuarial deficiencies.
Locally engaged staff (LES) participate in the Pension Scheme for Employees of the Government of Canada Engaged Outside Canada 1996. The LES Plan is managed in accordance with the appropriate regulations and in accordance with the national legislation. LES pension coverage is established by the Treasury Board. Such coverage will meet the requirements of local law and be comparable to that provided by other good local employers. Therefore, the expenses and the basis for their calculation vary by country and staff participation.
ii. **Severance benefits:** Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

**(h) Cash**
Cash for the department consists of the funds in transit from missions and funds received and not yet deposited, partially offset by credits in imprest accounts. This cash is for the facilitation of operations. All foreign currency accounts are valued at the rate as of March 31.

**(i) Accounts and loans receivables**
Accounts and loans receivable are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

Loans are subject to payment in the event of the default of the debtor. An allowance is used to reduce the carrying value of the accounts receivable and loans to amounts that approximate their net realizable value. Interest on receivables is applied in accordance with the policy that governs the account or the loan. Interest revenue is recognized at the time it is applied to the account.

Loan transactions with long repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced to such concessionary terms.

**(j) Investments in Crown corporations**
Investments in Crown corporations are recorded at cost. If there is a permanent impairment in value, an allowance is recorded to reduce the carrying value of the investment to a nominal amount.

**(k) Repayable contributions**
Repayable contributions are contributions where the recipient is expected to repay the amount advanced. The contributions of the department include conditionally repayable contributions, which become either all or partly repayable if conditions specified in the contribution agreement come into effect. Accordingly, they are not recorded on the Statement of Financial Position until such time as the conditions specified in the agreement are satisfied, at which time they are then recorded as a receivable and a reduction in transfer payment expenses. An estimated allowance for uncollectibility is recorded where appropriate.

**(l) Inventories**
Inventories consist of parts, materiel and supplies held for future program delivery and not intended for resale, as well as inventory for sale. All inventories are valued at cost. If they no longer have service potential, they are valued at the lower of cost or net realizable value.

**(m) Foreign currency transactions**
Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect on March 31. Losses on foreign exchange are presented in Note 4—Expenses, while gains on foreign exchange are presented in Note 5—Revenues.

**(n) Tangible capital assets**
All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. The department does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, and assets located in museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

| Asset Class | Amortization Period |
|---|---|
| Buildings | 25 years |
| Works and Infrastructure | 30 years |
| Machinery and Equipment | 5 to 10 years |
| Vehicles | 5 years |
| Leasehold Improvements | Lesser of the life of the improvement or term of the lease |
| Assets Under Construction | Once in service in accordance with asset type |

**(o) Contingent liabilities**
Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

**(p) Measurement uncertainty**
The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

**3. Parliamentary Appropriations**

The department receives most of its funding through annual parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through parliamentary appropriations in prior, current or future years. Accordingly, the department has different net results of operations for the year on a government-funding basis than on an accrual-accounting basis. The differences are reconciled in the following tables:

**a) Reconciliation of net results of operations to current year appropriations used:**

| | | 2007 | | 2006 (Restated) |
|---|---|---|---|---|
| | | (in thousands of dollars) | | |
| **Net cost of operations** | $ | 1,924,638 | $ | 1,967,066 |
| Adjustments for items affecting net cost of operations but not affecting appropriations: | | | | |
| Add (Less): | | | | |
| Services provided without charge by other government departments | $ | (81,400) | $ | (86,400) |
| Amortization of tangible capital assets | | (74,344) | | (71,252) |
| Refund of prior year expenses | | 12,473 | | 23,999 |
| Revenue not available for spending | | 682,288 | | 260,821 |
| (Loss) gain on disposal and write-down of tangible capital assets | | 2,326 | | 11,013 |
| Proceeds from disposal of tangible capital assets | | (5,130) | | (15,662) |
| Decrease (increase) in vacation pay and compensatory leave | | (3,128) | | (1,321) |
| Decrease (increase) in employee severance benefits | | 18,076 | | (14,354) |
| Change in accounts payable not affecting appropriations | | 25,000 | | - |
| Change in the allowance for loans receivable | | 195,527 | | (167,804) |
| Other | | (15,879) | | 1,465 |
| | $ | 2,680,447 | $ | 1,907,571 |
| Adjustments for items not affecting net cost of operations but affecting appropriations: | | | | |
| Add (Less): | | | | |
| Acquisitions of tangible capital assets | $ | 122,232 | $ | 56,998 |
| Increase (decrease) in prepaid expenses | | 1,644 | | 1,411 |
| Increase (decrease) in inventory for resale | | (915) | | 132 |
| Increase (decrease) in consumable inventory | | 167 | | 966 |
| **Current year appropriations used** | **$** | **2,803,575** | **$** | **1,967,078** |

**b) Appropriations provided and used**

| | | Appropriations Provided 2007 | | 2006 (Restated) |
|---|---|---|---|---|
| | | (in thousands of dollars) | | |
| Vote 1—Operating Expenditures | $ | 1,321,511 | $ | 1,009,528 |
| Vote 5—Capital Expenditures | | 143,535 | | 113,926 |
| Vote 10—Grants and Contributions | | 750,714 | | 675,779 |
| Vote 12a—Debt Forgiveness | | 126,923 | | - |
| Statutory | | 672,696 | | 277,293 |
| Less: | | | | |
| Appropriations available for future years | | (55,598) | | (36,247) |
| Lapsed appropriations: Operating | | (51,611) | | (13,527) |

| | | |
|---|---|---|
| Lapsed appropriations: Capital | (7,136) | (3,645) |
| Lapsed appropriations: Grants and Contributions | (97,459) | (56,029) |
| Lapsed appropriations: Statutory | - | - |
| **Current year appropriations used** | **$ 2,803,575** | **$ 1,967,078** |

**c) Reconciliation of net cash provided by Government to current year appropriations used**

| | 2007 | 2006 (Restated) |
|---|---|---|
| | (in thousands of dollars) | |
| Net cash provided by Government | $ 1,530,457 | $ 1,934,011 |
| Revenue not available for spending | 682,288 | 260,821 |
| Refund of prior year expenditures | 12,473 | 23,999 |
| Change in net position in the Consolidated Revenue Fund | | |
| Decrease (increase) in accounts receivable and advances | (395,669) | 106,594 |
| Decrease (increase) in Canada Account loans | 436,098 | (233,316) |
| Variation in accounts payable, accrued liabilities and accrued payroll | 551,582 | (126,494) |
| Variation in deferred revenue | 2,225 | (2) |
| Other adjustments | (15,879) | 1,465 |
| | 578,357 | (251,753) |
| **Current year appropriations used** | **$ 2,803,575** | **$ 1,967,078** |

**4. Expenses**

The following table presents details of expenses by category:

| | 2007 | 2006 (Restated) |
|---|---|---|
| | (in thousands of dollars) | |
| **Transfer payments** | | |
| Individuals | $ 143 | $ 78 |
| Industry | 4,925 | 6,327 |
| Other levels of government in Canada | 10,842 | 10,229 |
| Other countries and international organizations | 885,649 | 337,718 |
| Non-profit organizations | 275,251 | 240,855 |
| Other | 25,583 | 23,651 |
| **Total transfer payments** | $ 1,202,393 | $ 618,858 |
| **Operating expenses** | | |
| Salaries and employee benefits | 876,178 | 881,172 |
| Transportation and telecommunication | 222,136 | 146,581 |
| Professional and special services | 182,951 | 204,455 |
| Rentals | 173,738 | 181,450 |
| Acquisition of machinery and equipment, including parts and consumables | 82,042 | 69,266 |
| Amortization | 74,344 | 71,252 |
| Repairs and maintenance | 41,696 | 34,105 |

| | | | | |
|---|---|---|---|---|
| Utilities, materials and supplies | | 40,405 | | 40,289 |
| Information | | 8,598 | | 9,050 |
| Foreign exchange loss | | 387 | | 2,090 |
| Other | | 12,372 | | 13,811 |
| **Total operating expenses** | $ | 1,714,847 | $ | 1,653,521 |
| **Total expenses** | **$** | **2,917,240** | **$** | **2,272,379** |

**5. Revenues**

The following table presents details of revenues by category:

| | | 2007 | | 2006 |
|---|---|---|---|---|
| | | (in thousands of dollars) | | |
| Sale of goods and services | $ | 351,203 | $ | 332,037 |
| Other non-tax revenue | | 6,312 | | 133 |
| Gain on disposal of tangible capital assets | | 2,326 | | 11,359 |
| Interest on non-tax revenues | | 398 | | 923 |
| **Total revenues** | **$** | **360,239** | **$** | **344,452** |

**6. Accounts Receivable and Advances**

The following table presents details of accounts receivable and advances:

| | | 2007 | | 2006 |
|---|---|---|---|---|
| | | (in thousands of dollars) | | |
| Other government departments | $ | 56,422 | $ | 27,888 |
| External parties | | 630,803 | | 324,729 |
| Employee advances | | 16,146 | | 16,542 |
| Cash in transit | | 34,207 | | 3,282 |
| Other advances | | 28,391 | | 30,584 |
| Allowance for doubtful accounts | | (236,803) | | (269,528) |
| **Total receivables, net of allowances** | **$** | **529,166** | **$** | **133,497** |

**7. Investments in Crown Corporations**

| | | 2007 | | 2006 |
|---|---|---|---|---|
| | | (in thousands of dollars) | | |
| Export Development Canada | $ | 983,200 | $ | 983,200 |
| Canadian Commercial Corporation | | 8,000 | | 8,000 |
| International Development Research Centre | | - | | - |
| **Total investments in Crown corporations** | **$** | **991,200** | **$** | **991,200** |

**Export Development Canada**
Export Development Canada (EDC) is a Canadian Crown corporation that provides financing and risk-management services to Canadian exporters and investors in up to 200 markets worldwide. EDC is financially self-sufficient and operates on commercial principles. It is wholly owned by the Government of Canada, and is listed in Schedule III to the Financial Administration Act, Part 1. EDC reports to Parliament through the Minister for International Trade. Included in this account are 9.8 million EDC shares issued to the Government of Canada at a value of $100 per share. Total authorized capital of EDC is $1,500,000,000, 15 million shares at a par value of $100 each.

During the year, the department recorded dividend revenue from EDC of $350,000,000 (2006 = $ nil).

**Canadian Commercial Corporation**
The Canadian Commercial Corporation (CCC) is an agent Crown Corporation listed in Part 1 of Schedule III of the Financial Administration Act. Included within the Corporation's contributed surplus is paid-up capital by the department of $8,000,000.

**International Development Research Centre**
The International Development Research Centre (IDRC) is a Crown corporation that was created by the Parliament of Canada in 1970. IDRC reports to Parliament through the Minister of Foreign Affairs. IDRC is principally funded by parliamentary appropriations. IDRC was incorporated with no share capital.

**8. Canada Account Loans**

This category consists of loans made to national governments and loans to non-sovereign entities. Loans to national governments and non-sovereign entities are administered by EDC through the Canada Account.

Pursuant to section 23 of the Export Development Act, the Minister for International Trade, with concurrence of the Minister of Finance, may authorize EDC to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where EDC has advised the Minister that it will not enter into such transactions. Such transactions could not be supported by EDC for reasons, one of which would be on the basis of EDC's risk-management practices. Funding for such transactions is provided by the Minister of Finance out of the CRF and the transactions are administered by EDC on behalf of the Government of Canada. The department is authorized to issue a maximum of $13,000,000,000 for Canada Account loans and guarantees.

Loan transactions with long repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

The following table presents the balances for loans made to national governments and non-sovereign entities:

| | | 2007 | | | 2006 |
|---|---|---|---|---|---|
| | | (in thousands of dollars) | | | |
| **Loans to national governments** | | | | | |
| 1 to 5 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2008 and December 2010 | $ | 1,540 | | $ | 25,250 |
| 6 to 10 year term, 4.30 percent (London Interbank Offered Rate (LIBOR)) to 9 percent interest per annum, with final repayments between July 2002 and December 2009 | | 37,629 | | | 57,688 |
| 11 to 15 year term, 2.83 percent (LIBOR) interest to 8.25 percent (LIBOR) per annum, with final repayment between November 2008 and November 2024 | | 99,403 | | | 118,413 |
| 16 to 20 year term, 0 percent (LIBOR) interest per annum, with final repayments between February 2010 and March 2011 | | 5,666 | | | 9,337 |
| 21 to 25 year term, 0 percent to 3.00 percent (LIBOR) interest per annum, with final repayments between December 2009 and June 2021 | | 37,019 | | | 42,975 |
| 31 to 55 year term, 0 percent to 5.37 percent (LIBOR) interest per annum, with final payments between December 2010 and December 2044 | | 839,108 | | | 861,694 |
| | $ | 1,021,365 | | $ | 1,115,357 |
| | | | | | |
| **Loans to non-sovereign entities** | | | | | |
| 1 to 5 year term, 8.5 percent interest per annum, with final repayments between February 1995 and April 2005 | $ | 3,812 | | $ | 3,859 |
| 6 to 10 year term, 8.28 to 9.68 percent interest per annum, with final repayments between November 2006 and February 2008 | | 27,178 | | | 28,325 |

| | | | | | |
|---|---|---|---|---|---|
| 11 to 15 year term, 3.84 percent (LIBOR) to 5.86 percent interest per annum, with final repayments between May 2006 and October 2020 | | 2,281,803 | | | 2,622,896 |
| 16 to 20 year term, 0 percent interest per annum, with final repayments between June 2012 and November 2014 | | 22,379 | | | 22,109 |
| | | 2,335,172 | | | 2,677,199 |
| | | | | | |
| | | | | | |
| **Other loans** | | 43,867 | | | 43,957 |
| | | 43,867 | | | 43,957 |
| | | | | | |
| **Less:** | | | | | |
| Portion expensed due to concessionary terms | $ | (703,791) | | $ | (731,017) |
| Allowance for valuation | | (721,376) | | | (889,677) |
| | | (1,425,167) | | | (1,620,694) |
| | | | | | |
| **Total** | **$** | **1,975,237** | | **$** | **2,215,808** |

**9. Tangible Capital Assets**
(in thousands of dollars)

Amortization expense for the year ended March 31, 2007, is $74,344,486 (2006 = $71,252,000).

| | Cost | | | | Amortization | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital asset class** | **Opening balance** | **Acquisitions** | **Disposals and write-offs** | **Closing balance** | **Opening balance** | **Amortization** | **Disposals and write-offs** | **Closing balance** | **2007 Net book value** | **2006 Net book value** |
| Land | 202,199 | 15,142 | 358 | 216,983 | 434,720 | - | - | - | 216,983 | 202,199 |
| Buildings | 1,011,258 | 48,914 | 2,394 | 1,057,778 | - | 45,242 | 762 | 479,700 | 578,078 | 576,538 |
| Works and infrastructure | 1,204 | - | - | 1,204 | 88,827 | - | - | - | 1,204 | 1,204 |
| Machinery and equipment | 112,191 | 6,181 | 1,919 | 116,453 | 18,598 | 6,152 | 1,703 | 93,276 | 23,177 | 23,364 |
| Vehicles | 35,428 | 7,855 | 4,603 | 38,680 | 36,842 | 4,588 | 4,003 | 19,183 | 19,497 | 16,830 |
| Leasehold improvements | 112,043 | 19,832 | - | 131,875 | - | 17,862 | 2 | 54,702 | 77,173 | 75,201 |
| Assets under construction | 87,103 | 24,308 | - | 111,411 | - | - | - | - | 111,411 | 87,103 |
| **Total** | **1,561,426** | **122,232** | **9,274** | **1,674,384** | **578,987** | **74,344** | **6,470** | **646,861** | **1,027,523** | **982,439** |

**10. Softwood Lumber Agreement**

The Softwood Lumber Agreement (the "Agreement") between the governments of the United States of America and Canada was authorized effective October 12, 2006. Under the authority of the Minister for International Trade, EDC was designated by the Government of Canada to administer the return of duties and interest owed to Canadian companies by the U.S. government. Under this arrangement, EDC purchased the rights to the duties and interest owed to Canadian softwood producers opting to participate in the deposit refund mechanism, with funds advanced by the department from the CRF.

As at March 31, 2007, the department accrued a liability of $502,919,703, representing the net amount due to members of the Coalition for Fair Lumber Imports, the binational industry council, and meritorious initiatives of the United States of America under the terms of the Agreement.

Amounts receivable by the department from EDC as at March 31, 2007, total $11,191,307. This balance is composed of $3,445,325 due to the department on funds advanced to EDC from the CRF to pay the Canadian companies, $5,509,583 due to overpayment to Canadian companies, and $2,236,399 of interest accrued on the advanced funds.

**11. Deferred Revenue**

Deferred revenue is composed of monies received as prepayment for services to be performed by the department on behalf of third parties; monies received from organizations outside the Government of Canada accounting entity for shared costs; and deposits and unclaimed cheques for passport fees. Details of the transactions related to this account are as follows:

| | 2007 | 2006 |
|---|---|---|
| | (in thousands of dollars) | |
| Opening balance | $ 151 | $ 153 |
| Funds received | 2,230 | 5 |
| Revenue recognized | (5) | (7) |
| Closing balance | $ 2,376 | $ 151 |

**12. Employee Benefits**

**(a) Pension benefits:**
The department's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The 2006-2007 departmental expense amounts to $66,634,100 ($69,865,500 in 2005-2006), which represents approximately 2.2 times (2.6 times in 2005-2006) the contributions by employees.

The department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

LES pension plans are provided depending upon the requirements of national legislation or normal practices of other reputable local employers. These vary by the individual mission. The 2006-2007 expense amounts to $33,565,600 ($38,264,500 in 2005-2006).

**(b) Severance benefits:**
The department provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits for CBS and LES are not prefunded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

| | 2007 | 2006 |
|---|---|---|
| | (in thousands of dollars) | |
| Accrued benefit obligation, beginning of year | $ 159,281 | $ 144,927 |
| Expense or adjustment for the year | (3,850) | 25,952 |
| Benefits paid or adjustment during the year | 14,226 | 11,598 |
| Accrued benefit obligation, end of year | $ 141,205 | $ 159,281 |

**13. Contingent Liabilities**

**(a) Claims and litigation**
Legal proceedings totalling approximately $13,263,859,304 ($12,996,706,485 in 2005-2006) were still pending at March 31, 2007. Some of these potential liabilities may translate into actual liabilities as a result of court decisions or out-of-court settlements. To the extent that future legal decisions are assessed as unfavourable, and a reasonable estimate of the loss can be made, estimated liabilities are accrued and an expense is recorded in the financial statements.

**(b) Loan guarantees**
Loan guarantees relate to guarantees rendered on loans made to national governments and loans to non-sovereign entities which are administered by EDC through the Canada Account.

Loan guarantees by the department at March 31, 2007, amount to $532,352,766 ($1,289 million at March 31, 2006), for which an allowance of $87,616,717 ($103 million at March 31, 2006) has been recorded. These loan guarantees are subject to payment in the event of the default of the debtor. An allowance for valuation is used to reduce the carrying value of the loans to amounts that approximate their net realizable value. The allowance is determined based on the Government's identification and evaluation of countries that have formally applied for debt relief, estimated probable losses that exist on the remaining portfolio, and changes in the economic conditions of sovereign and non-sovereign debtors.

**14. Contractual Obligations**

The nature of the department's activities can result in some large multi-year contracts and obligations whereby the department will be obligated to make future payments when the services/goods are received. These obligations include long-term rental agreements for chancery offices. Significant contractual obligations that can be reasonably estimated are summarized as follows:

| (in thousands of dollars) | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 and there-after | Total |
|---|---|---|---|---|---|---|---|
| Chancery lease New York, Consul General | $ 3,000 | $ 3,000 | $ 3,000 | $ 3,000 | $ 3,000 | $ 1,000 | $ 16,000 |
| Chancery lease Chicago | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 6,000 | 11,000 |
| Purchase of passport materials | 13,000 | - | - | - | - | - | 13,000 |
| Undisbursed Canada Account loans and commitments | 121,000 | 241,000 | 240,000 | 240,000 | 240,000 | 394,000 | 1,476,000 |
| **Total** | **$ 138,000** | **$ 245,000** | **$ 244,000** | **$ 244,000** | **$ 244,000** | **$ 401,000** | **$ 1,516,000** |

**15. Related Party Transactions**

The department is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The department enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the department received services which were obtained without charge from other Government departments as presented in part (a).

(a) Services provided without charge:
During the year, the department received without charge from other departments, accommodation, legal fees and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the department's Statement of Operations as follows:

| | 2007 | 2006 |
|---|---|---|
| | (in thousands of dollars) | |
| Accommodation | $ 28,100 | $ 28,500 |
| Employer's contribution to the health and dental insurance plans | 50,400 | 51,400 |
| Workers' compensation charges | 300 | 300 |
| Legal services | 2,600 | 6,200 |
| **Total** | **$ 81,400** | **$ 86,400** |

(b) Payables and receivables outstanding at year end with related parties:

| | 2007 | 2006 |
|---|---|---|
| | (in thousands of dollars) | |
| Accounts receivable with other government departments and agencies | $ 56,422 | $ 27,888 |
| Accounts payable to other government departments and agencies | $ 19,665 | $ 23,414 |

(c) Administration of programs on behalf of other government departments:

i. Under its mandate, the department provides services and support for administering Government of Canada programs and personnel abroad. A generic interdepartmental memorandum of understanding (MOU) is in force between DFAIT and partner departments. This MOU sets out the financial and administrative responsibilities of DFAIT and partner department programs located at Canada's missions abroad.

In the fiscal year ended March 31, 2007, expenses related to changes made to partner departments' representation abroad are reflected in the financial statements of the department. Appropriations for the department are adjusted via the Annual Reference Level Updates (ARLU) and the fiscal year's supplementary estimates.

This activity amounted to approximately $22,800,000 ($3,812,000 in 2005-2006) in-year funding received via Supplementary estimates and $8,942,000 ($5,134,000 in 2005-2006) of continuing activity handled through the ARLU.

ii. The department also has a number of MOUs with partner departments for the administration of unique, in-year programs delivered abroad. These expenses are reflected in the financial statements of our partner departments and not those of DFAIT.

The department administered approximately $173,716,755 for such activities as hospitality, travel, conference expenses, professional services, etc. Expenses reimbursed through cost recovery and revenues collected on behalf of our partner departments and remitted to them are reflected in the financial statements of our partner department and not those of DFAIT.

**16. Correction of an Error**

In the 2006 financial statements, expenses incurred by the International Development Research Centre and the Canadian Commercial Corporation were included in the department's expenses and appropriations used. Per Treasury Board accounting guidelines, as Crown corporations are not considered to be under the control of departments, they are therefore not to be consolidated in the financial statements of the department. As a result, expenses and appropriations used were overstated by $144,361,000. This error has been corrected retroactively with restatement of these financial statements.

The impact of this prior period adjustment on the 2006 comparative figures is indicated in the table below:

| | | (in thousands of dollars) |
|---|---|---|
| Statement of operations—other expenses | $ | (144,361) |
| Statement of equity—current year appropriations used | $ | (144,361) |

**17. Comparative Figures**

Certain of the 2006 figures have been reclassified to conform to the financial statements presentation adopted in 2007.

Passport Canada
Notes to the Financial Statements
March 31, 2007

## AUDITORS' REPORT TO THE ASSISTANT DEPUTY MINISTER CORPORATE SERVICES, DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE

We have audited the statement of financial position of the Passport Canada Revolving Fund as at March31, 2007 and the statements of operations and net assets and cash flows for the year then ended. These financial statements have been prepared to comply with Section 4 of the Treasury Board of Canada's Policy on Special revenue Spending Authorities and the Revolving Funds Act. These financial statements are the responsibility of the management of the Passport Canada Revolving Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Passport Canada Revolving Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles for revolving funds of the Government of Canada as described in note 2 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the management of the Passport Office Revolving Fund and the Treasury Bard of Canada Secretariat for the reporting on the use of the Fund authority. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

KPMG LLP

Charted Accountants, Licensed Public Accountants
Ottawa, Canada
May 16, 2007

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1. **Authority and purpose:**
The Passport Canada Revolving Fund ("the Fund") was established in 1969 to provide for the issue of appropriate travel documents to Canadian citizens and to certain permanent residents of Canada who are unable to obtain valid passports from their country of origin. The Revolving Funds Act authorized the operation of the Fund.
The Fund has a continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund for working capital, capital acquisitions and temporary financing of accumulated operating deficits, the total of which is not to exceed $4,000,000 at any time. An amount of $746,000, representing net assets assumed by the Fund and assets contributed to the Fund, was charged to this authority when the Fund became budgetary in 1981.

2. **Significant accounting policies:**
(a) Basis of accounting:
These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the requirements of Section 4 of the Treasury Board of Canada Policy on Special Revenue Spending Authorities and the reporting requirements for revolving funds prescribed by the Receiver General for Canada. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because:
   - Employees' vacation pay and termination benefits liabilities are based on management's estimate of the liabilities rather than based on actuarial valuations;
   - revenues from passport service request fees are recognized upon receipt of payment and verification of an application for completeness as stated in the Regulations prescribing fees for passport services; and
   - funding for capital assets received from Treasury Board is recorded as contributed capital and not as a reduction of the cost of capital assets.

(b) Revenue recognition:
Revenues from passport fees are recognized upon request for a passport service, which is upon receipt of payment and verification of the passport application for completeness.

Deferred revenues are recognized for those passport applications for which the passport service request fee has been collected and deposited, but the applications have not been verified for completeness, as of March 31.

(c) Inventories:
The inventory of materials and supplies is carried at cost using the average cost method.

(d) Capital assets:

| Asset | Years |
|---|---|
| Capital Projects | Useful life of the project |
| Furniture | 10 years |
| Electronic data-processing (EDP) equipment | 3-5 years |
| Other machines and equipment | 5 years |

Expenditures associated with the Technology Enhancement Plan (TEP) project are capitalized. The project costs have been separated into four categories, which are amortized on a straight-line basis over the useful life of each category as follows:

| Asset | Years |
|---|---|
| Technology Enhancement Plan (TEP) | |
| Machines and equipment | 10 years |
| System | 4 years |
| Furniture | 10 years |
| Electronic data-processing (EDP) equipment | 4 years |

Capital projects are amortized on a straight-line basis over the useful life of the project. Capital projects include leasehold improvements, which are amortized on a straight-line basis over the term of the lease.

Capital assets are recorded at cost and amortized from the year of acquisition on a straight-line basis over their estimated useful lives.

(e) Employee termination benefits:
Employees of Passport Canada are entitled to specified termination benefits, calculated based on salary levels in effect at the time of termination as provided for under collective agreements and conditions of employment. The cost of these benefits is recorded in the accounts as the benefits accrue to the employees.

(f) Pension plan:
Employees of Passport Canada are covered by the Public Service Retirement Pension Plan administered by the Government of Canada. Under present legislation, contributions made by Passport Canada to the Plan are limited to an amount equal to the employee's contributions on account of current service. These contributions represent the total pension obligations of Passport Canada and are charged to operations on a current basis. Passport Canada is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for the indexation of payments under the Supplementary Retirement Benefits Act.

(g) Use of estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The more significant areas requiring the use of estimates relate to employee termination benefits and to accrued liabilities. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary; they are recorded in the financial statements in the period in which they become known.

**3. Capital assets and accumulated amortization:**

($ thousands)

| Capital assets | Balance, beginning of year | Acquisitions | Disposals | Balance, end of year |
|---|---|---|---|---|
| Technology Enhancement Plan project | 33,877 | – | – | 33,877 |
| Capital projects | 69,955 | 6,759 | – | 76,714 |
| Furniture | 84 | – | – | 84 |
| EDP equipment | 6,791 | 178 | – | 6,969 |
| Other machines and equipment | 290 | 39 | – | 329 |
| | 110,997 | 6,976 | – | 117,973 |

| Accumulated amortization | Balance, beginning of year | Amortization | Disposals | Balance, end of year |
|---|---|---|---|---|
| Technology Enhancement | | | | |
| Plan project | 33,759 | 40 | – | 33,799 |
| Capital project | 33,960 | 11,263 | – | 45,223 |
| Furniture | 56 | 9 | – | 65 |
| EDP equipment | 4,780 | 1,174 | – | 5,954 |
| Other machines and equipment | 214 | 32 | – | 246 |
| | 72,769 | 12,518 | – | 85,287 |

Note: The capital projects category includes leasehold improvements.

4. **Net assets:**
($ thousands)

| | 2007 | 2006 |
|---|---|---|
| Accumulated net charge against the Fund's authority | (60,754) | (30,345) |
| Accumulated surplus | 52,571 | 37,702 |
| Contributed capital | 16,276 | 12,496 |
| | 8,093 | 19,853 |

Accumulated net charge against the Fund's authority:
Accumulated net charge against the Fund's authority is the cash position of the Fund, held by the Government on the Fund's behalf.

Accumulated surplus:
The accumulated surplus is an accumulation of each year's surpluses including the absorption of the opening net assets of $746,000 upon establishment of the Fund.

Contributed capital:
In the year, Passport Canada received $3,780,000 (2006 = $10,266,000) from Treasury Board to fund capital projects, principally for National Security Initiatives and to address recommendations from the Office of the Auditor General.

5. **Commitments:**
($ thousands)
Passport Canada rents office premises and other office equipment under long-term operating leases, which expire in 2015. Future minimum lease payments by year are approximately as follows:

| | |
|---|---|
| 2007 | 11,591 |
| 2008 | 11,659 |
| 2009 | 11,719 |
| 2010 | 11,764 |
| 2011 and thereafter | 47,611 |
| | 94,344 |

Passport Canada signed a contract for the purchase of passport materials, which expires in May 2008. Future minimum payments by year are approximately:

| | |
|---|---|
| 2008 | 13,486 |
| | 13,486 |

6. **Related party transactions:**
Through common ownership, Passport Canada is related to all Government of Canada created departments, agencies and Crown corporations. Payments for passport operations at missions abroad, accommodation and legal services are made to related parties in the normal course of business. All related party transactions are accounted for at the exchange amount, which represents the consideration agreed to by both parties.

As part of its operations Passport Canada, which is an agency of the Department of Foreign Affairs and International Trade (DFAIT), collects consular fees on behalf of DFAIT's Consular Affairs division. These fees are not recorded as revenues in the statement of operations. In fiscal year 2007, the Fund collected and remitted to DFAIT $73,870,000 (2006 = $62,654,000) in consular fees.

**7. Changes in current assets and liabilities:**
($ thousands)

| | 2007 | 2006 |
|---|---|---|
| Changes in current assets and liabilities: | | |
| Accounts receivable—Government of Canada | (3,314) | 1,936 |
| Accounts receivable—Outside parties | 212 | 170 |
| Inventories | 1,316 | (1,100) |
| Prepaid expenses | - | 195 |
| Accounts payable and accrued liabilities: | | |
| Government of Canada | 1,975 | (4,391) |
| Outside parties—accounts payable | 1,758 | 1,924 |
| Outside parties—vacation pay | 384 | 313 |
| Outside parties—contractors' holdbacks | 92 | 124 |
| Deferred revenues | 2,221 | - |
| | 4,644 | (829) |

**8. Comparative figures:**
Certain amounts for the 2006 fiscal year have been reclassified to make them comparative with the current year.

## Table 16: Response to Parliamentary Committees, Audits and Evaluations

**Response to Parliamentary Committees**

Foreign Affairs and International Trade Canada's Office of the Inspector General (Internal Audit and Evaluation Bureau) was not asked to respond to any reports by parliamentary committees in fiscal year 2006-2007.

**Response to the Auditor General (including to the Commissioner of the Environment and Sustainable Development)**

Office of the Auditor General—Commissioner of the Environment and Sustainable Development 2006, Chapter 1: Managing the Federal Approach to Climate Change. Foreign Affairs and International Trade Canada was audited because of its mandate for management of climate change issues in the international arena. The department was asked to provide information regarding greenhouse gas emissions reduction strategies and development of an emissions trading system. We were not called upon to respond to any specific recommendations in the report. Please see http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20060901ce.html.

Office of the Auditor General—Commissioner of the Environment and Sustainable Development 2006, Chapter 4: Sustainable Development Strategies. International Trade Canada (separate from Foreign Affairs Canada at the time of the audit) was assessed against progress made in sustainable development strategies identified in a 2004 report; specifically, supporting the development and marketing of innovative pollution-reducing technologies by 2005. We received an unsatisfactory rating. International Trade Canada provided examples of relevant environmental initiatives; however, the Auditor General found that the department had not defined "innovative pollution-reducing strategies" for the purpose of tracking this commitment. Please see http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20060904ce.html.

Office of the Auditor General—Commissioner of the Environment and Sustainable Development Follow-up to 2001-10 Chapter 1; 2002-10 Chapter 2; and 2004-10 Chapter 4. Follow-up conducted in March 2007. Report not yet published. Foreign Affairs and International Trade Canada was asked to provide an update on action taken on recommendations made in the chapters above, where we had previously received a progress rating lower than level 5: Full Implementation. The chapters encompass the following issues, respectively: Charting a Sustainable Course in the Great Lakes and St. Lawrence River Basin; The Legacy of Federal Contaminated Sites; and Assessing the Environmental Impact of Policies, Plans and Programs.

**External Audits (Note: These refer to other external audits conducted by the Public Service Commission of Canada or the Office of the Commissioner of Official Languages.)**

Foreign Affairs and International Trade Canada's Office of the Inspector General (Internal Audit and Evaluation Bureau) was not asked to respond to any external audit recommendations in fiscal year 2006-2007.

**Internal Audits or Evaluations**

Link to internal audits: http://www.international.gc.ca/department/auditreports/2006/2006-en.asp

**Internal audits**, both of headquarters and missions abroad, were forecast in the 2006-2007 *Report on Plans and Priorities*. The following audits were conducted during 2006-2007. A list of audits that were not conducted is included at the end of the section, along with a status update.

[* Not yet published; fieldwork conducted during 2006-2007.]

**1. Headquarters Audits**
Contracting and Financial Management Practices, Canadian Foreign Service Institute
Contributions and Grants Made by the Ambassador for Mine Action
Global Partnership Bureau
* Foreign Service Expenditures—Foreign Service Directives—Phase I
* Follow-up of Assurance Audits
* Accounts Payable and Accrued Liabilities
* Audit of Network "Content" Security—Assurance Engagement
* Canada Fund
* Canada Landmine Fund
* Clean Development Mechanism and Joint Implementation Office
* Human Security Program
* John Holmes Fund
* Northern Dimensions
* Assistance to Softwood Lumber Industry Association
* Community Investment Services Program
* Forest Products Association of Canada

*Not Undertaken:*
*Academic Relations: deferred to 2007-2008*
*Canadian Foundation for the Americas: not required based on updated risk assessment*
*Counter-Terrorism: deferred to 2007-2008*
*Canadian Interests Abroad: not required based on updated risk assessment*
*Grants in Lieu of Taxes: not required based on updated risk assessment*
*Inter-American Drug Abuse Control Commission: not required based on updated risk assessment*
*International Drug Strategy: not required based on updated risk assessment*
*UN Environment Programme (UNEP): not required based on updated risk assessment*
*International Environmental Program: in progress as of 2007-2008*
*Maison des étudiants canadiens: not required based on updated risk assessment*
*Technical Assistance to Developing Countries in Trade Negotiations: not required based on updated risk assessment*
*Management of IT Security (MITS): deferred to 2007-2008*
*Post-Implementation Audit of Infobank: deferred to 2007-2008*
*Recoverable/Payables: deferred due to updated risk-based audit approach*
*Financial Functions at Missions Abroad and HQ: deferred due to updated risk-based audit approach*
*Foreign Operations and International Banking: deferred due to updated risk-based audit approach*
*Foreign Service Expenditures—Foreign Service Directives—Phase II: deferred due to resource constraints*
*Integrated Management of Property Resources (IMPR): deferred due to resource constraints*
*Locally Engaged Staff Service Bureau: deferred due to resource constraints*
*Privacy Impact Assessment (PIA): deferred due to resource constraints*

**2. Mission Audits**
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Canadian Embassy, Algiers
Canadian Embassy, Bangkok
Canadian High Commission, Canberra
Canadian High Commission, Islamabad
Canadian Embassy, Jakarta
Canadian Embassy, Madrid
Canadian Embassy, Manila
Canadian Consulate General, Sydney
* Canadian Embassy, Washington, D.C.
* Permanent Mission of Canada to the Organization of American States, Washington, D.C.
* Canadian Consulate, Philadelphia
* Canadian Embassy, Brasilia
* Canadian Consulate General, Sao Paulo
* Canadian Consulate General, Rio de Janeiro
* Government of Canada Trade Office, Belo Horizonte
* Office of the Embassy of Canada, Recife
* Canadian Permanent Mission to the World Trade Organization, the United Nations and the Conference on Disarmament, Geneva

* Canadian Embassy, Dakar
* Canadian High Commission, Yaoundé
* Canadian Consulate General, Minneapolis
* Canadian Consulate General, Buffalo
* Canadian Embassy, Port-au-Prince (added post-RPP)
* Canadian High Commission, Port of Spain

*Not Undertaken:*
*Canadian Embassy, Moscow: deferred to 2007-2008; fieldwork completed at time of this report*
*Canadian Embassy, Almaty: deferred to 2007-2008; fieldwork completed at time of this report*
*Canadian Consulate General, St. Petersburg: MISSION CLOSED*
*Canadian Consulate General, Seattle: deferred due to change of audit plans*
*Canadian Embassy, Helsinki: deferred due to timing conflicts*
*Canadian Embassy, Bogota: deferred due to conflicting priorities*
*Canadian Embassy, Havana: deferred due to change of audit plans*

**3. Evaluations**
Link to internal evaluations: http://www.international.gc.ca/department/auditreports/evaluation/evaluation-en.asp

**Internal evaluations** were forecast in the 2006-2007 *Report on Plans and Priorities*. The following evaluations were conducted during fiscal year 2006-2007. A list of evaluations that were not conducted is included at the end of the section, along with a status update.

[* Not yet published; fieldwork conducted during 2006-2007.]

Global Partnership Program, International Security Branch
Arts Promotion Program of Foreign Affairs Canada
International Business Development Program in China, Hong Kong and Taiwan
* Canadian Foreign Service Institute
* Counter-Terrorism: Results Capacity Check
* International Crime and Counter-Terrorism Unit
* Enhanced Representation Initiative (ERI) USA
* Country Studies: Methodology
* Global Partnership Program: Update to the RMAF/RBAF
* Global Partnership Program: Evaluation of the Former Weapons Destruction Program
* International Business Development: Germany
* Young Professionals International

*Not Undertaken:*
*Canada Post MOU: not required*
*Communication Policy: not required*
*Counter-Terrorism: Capacity Building: delayed to 2008-2009 as per RMAF*
*Country Studies: Pilot Test: deferred to 2007-2008*
*Foreign Affairs HR Needs: OAG audit (2007-2008)*
*Hubs and Spokes: deferred to 2007-2008*
*Knowledge Management: deferred to 2007-2008*
*Landmines: delayed due to Requests for Proposals process*
*Policy Development: not required*
*Public Security and Anti-Terrorism: deferred to 2007-2008*
*Dispute Management: deferred to 2007-2008*
*Trade and Development: deferred to 2007-2008*
*Trade Regional Offices: deferred to 2007-2008*

## Table 17: Sustainable Development Strategy

Please note that the DPR period for 2006-2007 covers the last nine months of the department's third Sustainable Development Strategy (SDS), *Agenda 2006*, as well as the first three months of its fourth SDS, *Agenda 2009*.

**Foreign Affairs and International Trade Canada**

| Points to Address | Departmental Input |
|---|---|
| 1. What are the key goals, objectives and/or long-term targets of the SDS? | *Agenda 2006*, the third Sustainable Development Strategy for Foreign Affairs and International Trade Canada, defines key sustainable development initiatives for the period 2004-2006 that support four goals: ensure greater integration of sustainable development in departmental policies programs and operations; ensure that Canada's commitment to sustainable development is evident in our bilateral, regional and multilateral relations; promote international security and respect for human rights, good governance and the rule of law as prerequisites for sustainable development; and implement the department's priority commitments related to the World Summit on Sustainable Development.<br>*Agenda 2009*, the department's fourth SDS, defines key sustainable development initiatives for the period 2007-2009 that support two strategic goals: ensure greater integration of sustainable development in departmental policies, programs and operations; and advance Canada's sustainable development interests related to foreign affairs and international trade. |
| 2. How do your key goals, objectives and/or long-term targets help achieve your department's strategic outcomes? | The department's Strategic Priorities and Strategic Outcomes are supported by *Agenda 2006* and *Agenda 2009*. DFAIT's second and third Strategic Priorities link to greater international support for freedom and security, democracy, rule of law, human rights and environmental protection, which are cornerstones of sustainable development and the objectives in both *Agenda 2006* and *Agenda 2009*. For example, included are the effective management of Canada's Global Partnership Program to eliminate weapons of mass destruction; effective management of the Peacebuilding and Human Security Program, created to advance Canada's foreign policy objectives for human security; a strategic approach to international energy issues including energy security; and progress on chemical use and production to lead to the minimization of significant effects on human health and the environment.<br><br>There are objectives in both strategies that aim to enhance Canadian prosperity and employment by contributing to long-term economic growth and Canada's reputation as a responsible trading partner, which supports Strategic Priority 9 (Promotion of Canada as a globally competitive location and partner for investment, innovation and value-added production).<br><br>Strategic Priority 3 is advanced by initiatives such as working toward a strengthened, more effective and practical role for the Commission on Sustainable Development within the United Nations framework.<br><br>The objectives and expected results of the commitments in *Agenda 2006* and *Agenda 2009* link very closely with Strategic Outcome 1 (Advancing Canada's Interests Internationally).<br><br>The second goal of *Agenda 2009* is to advance Canada's SD interests related to foreign affairs and international trade, which also links to Strategic Outcome 4 (Advancing Canada's Commercial Interests Internationally). Specific commitments and expected outcomes from *Agenda 2009* can be found at www.international.gc.ca/sd-dd. |
| 3. What were your targets for the reporting period? | A sample of key targets for *Agenda 2006* specific to the reporting period is listed below, as previously identified in the *Report on Plans and Priorities 2006-2007*. No targets for *Agenda 2009* were due in the reporting period.<br>• Reconstitute negotiations for a transboundary environmental impact assessment agreement with the United States and Mexico.<br>• Advance Canada's interests in sustainable human settlements and good governance through re-engagement in the United Nations Human Settlements Programme, membership on the UN-Habitat Governing Council and hosting of the World Urban Forum in Vancouver in May 2006.<br>• Develop an approach to the implementation of the 2000 Ozone Annex to meet the agreement's 2007 target date.<br>• Contribute funds to Russia's plutonium disposition program (ongoing). |

| | |
|---|---|
| | • Implement the strategic priorities for gender equality and women's human rights (2004-2006): increased representation of women in policy and decision-making positions in UN and other multilateral and international forums; increased number of UN, multilateral and international forums implementing gender mainstreaming initiatives, including appointment of gender focal points/advisers; and successful negotiation (and increased co-sponsorship) of Canada-led resolutions at UN and other multilateral and regional forums. |
| 4. What is your progress to date? | A significant achievement of the reporting period was the development, approval and tabling of the department's fourth SDS, *Agenda 2009*, on December 13, 2006.<br><br>Annual progress in achieving the targets in *Agenda 2006* (which covers the period to April 2006) is summarized in the 2004-2005 and 2005-2006 *Departmental Performance Reports*. For more substantive reporting and information on specific targets, see the annual progress reports at www.international.gc.ca/sd-dd. |
| 5. What adjustments have you made, if any? (To better set the context for this information, discuss how lessons learned have influenced your adjustments.) | The separation, reorganization and subsequent reintegration of the department during the reporting period of *Agenda 2006* have made the tracking of responsibility centres for the various targets difficult. Some commitments will not be completed as originally defined due to new reporting structures, changing priorities and the streamlining of resources.<br><br>An evaluation of *Agenda 2006* was completed to help guide the development of *Agenda 2009*. The broad suggestions included:<br>• Make *Agenda 2009* more focused.<br>• Continue work to improve departmental awareness and integration of SD.<br>• Strengthen management support for SD.<br>• Demonstrate linkages and relevance of SD to policy and ensure federal guidance is reflected, where appropriate.<br><br>Environment Canada is undertaking a project related to SD management systems to help departments with reporting and monitoring of SDS commitments. DFAIT will participate in the process and adopt the recommendations where feasible. |

## Table 18: Procurement and Contracting

| Points to Address | Department's Input |
|---|---|
| 1. Role played by procurement and contracting in delivering programs | Procurement and contracting play a fundamental role in support of program delivery. The department obtains highly specialized research and analytical advice through procurement, while contracting enables the department to effectively achieve its operational requirements. Its open, fair and transparent contracting processes for both goods and services support Canadian economic growth. |
| 2. Overview of how the department manages its contracting function | In line with the government's reform of its contracting and procurement practices, and in order to support the development of professionals in this field, DFAIT has streamlined and strengthened its contracting function from a highly decentralized framework. Specific contracting authorities are delegated to procurement specialists, a Departmental Contracting Review Board of senior managers acts as an approval board as well as strategic investors, and the department has introduced a more rigorous monitoring and reporting capacity. This reflects the department's objective for the procurement community: to assist managers in delivering high-quality services and programs to Canadians.<br><br>The department awards 27,181 contracts, valued at approximately $242,864,625. |
| 3. Progress and new initiatives enabling effective and efficient procurement practices | The department has developed an intranet site that provides procurement operational policies and numerous tools. One of these tools is a template for Requests for Proposals (RFPs) for different types of professional service contracts. The site also provides information on established procurement instruments, such as standing offers, and outlines supply arrangements that are useful with regard to many types of services purchased by the department. The tools allow program managers to focus their efforts on the Statement of Work, the technical evaluations of bids and the performance of the contractor.<br><br>Key Accomplishments:<br>The new contracting framework provides greater transparency of the contracting process and greater |

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|---|---|
| | capacity for strategic procurement. It further strengthens the planning context of program delivery and results in the delivery of optimal procurement solutions and tools, increasing administrative efficiencies and economic performance.<br><br>In support of this new framework, the department implemented a renewed training program for senior managers, as well as for delegated financial advisers, on their respective responsibilities. |

## Table 19: Client-Centred Services

Supplementary information on Client Centred-Services can be found at http://publiservice.tbs-sct.gc.ca/rma/dpr2/06-07/index_e.asp.

## Table 20: Horizontal Initiatives

U.S. Enhanced Representation Initiative (ERI)
Team Canada Inc
Global Peace and Security Fund

Supplementary information on Horizontal Initiatives can be found at http://publiservice.tbs-sct.gc.ca/rma/eppi-ibdrp/hrbd-rhbd/profile_e.asp.

## Table 21: Travel Policies

The Department of Foreign Affairs and International Trade follows the Treasury Board of Canada Secretariat Special Travel Authorities.

Supplementary information on Travel Policies can be found at http://publiservice.tbs-sct.gc.ca/rma/dpr2/06-07/index_e.asp.

# Section IV Reference Information

## 4.1 Contact Information

The department offers a wealth of information, resources and reference tools. To learn more about Canadian foreign policy and international relations or about the department itself, use any of the following contacts:

**Telephone:** 1-800-267-8376 toll free in Canada or 613-944-4000 in the National Capital Region and outside Canada
**TTY:** 613-944-9136
**Fax:** 613-996-9709
**Email:** enqserv@international.gc.ca
**Mail:** Enquiries Services (BCI)
Department of Foreign Affairs and International Trade
125 Sussex Drive, Ottawa, ON K1A 0G2
**Web:** http://www.international.gc.ca
**Media Services:** 613-995-1874 or fax 613-995-1405

***How to Contact Organizations Related to the Department***

**Canadian Commercial Corporation**
**Mail:** 1100-50 O'Connor Street, Ottawa, ON K1A 0S6
**Telephone:** 1-800-748-8191 toll free in Canada or 613-996-0034 in the National Capital Region and outside Canada
**Fax:** 613-995-2121
**Web:** http://www.ccc.ca

**Canadian International Development Agency**
**Mail:** 200 Promenade du Portage, Gatineau, QC K1A 0G4
**Telephone:** 1-800-230-6349 toll free in Canada or 819-997-5006 in the National Capital Region and outside Canada
**Fax:** 819-953-6088
**Web:** http://www.acdi-cida.gc.ca

**Export Development Canada**
**Mail:** 151 O'Connor Street, Ottawa, ON K1A 1K3
**Telephone:** 613-598-2500
**Fax:** 613-237-2690
**TTY:** 1-866-574-0451
**Web:** http://www.edc.ca

**International Development Research Centre**
**Mail:** 250 Albert Street, 18th Floor P.O. Box 8500, Ottawa, ON K1G 3H9
**Telephone:** 613-236-6163
**Fax:** 613-238-7230
**Web:** http://www.idrc.ca

**International Joint Commission**
**Mail:** Canadian Sector
234 Laurier Avenue West, 22nd Floor, Ottawa, ON K1P 6K6
**Telephone:** 613-947-1420
**Fax:** 613-993-5583
**Web:** http://www.ijc.org

**North American Free Trade Agreement**
**Mail:** NAFTA—Canadian Section, 90 Sparks Street, Suite 705, Ottawa, ON K1P 5B4
**Telephone:** 613-992-9388
**Fax:** 613-992-9392
**Web:** http://www.nafta-sec-alena.org/DefaultSite/index.html

**Passport Canada**
**Mail:** Passport Canada, Foreign Affairs and International Trade
Gatineau, QC K1A 0G3
**Telephone:** 1-800-567-6868 toll free in Canada or 819-994-3500 in the National Capital Region and outside Canada
**TTY:** 819-997-8338 or 1-866-255-7655
**Web:** http://www.ppt.gc.ca

**Rights & Democracy: International Centre for Human Rights and Democratic Development**
**Mail:** 1001 de Maisonneuve Boulevard East, Suite 1100, Montreal, QC H2L 4P9
**Telephone:** 514-283-6073
**Fax:** 514-283-3792
**Web:** http://www.ichrdd.ca

## 4.2 Acronyms and Abbreviations

| | |
|---|---|
| AMIS | African Union Mission in Sudan |
| APEC | Asia-Pacific Economic Cooperation forum |
| APGCI | Asia-Pacific Gateway and Corridor Initiative |
| ASEAN | Association of Southeast Asian Nations |
| AU | African Union |
| CARICOM | Caribbean Community |
| CFSI | Canadian Foreign Service Institute |
| CIDA | Canadian International Development Agency |
| CMP | Canada-Mexico Partnership |
| CPIC | Canadian Police Information Centre |
| CSC | Correctional Service Canada |
| CWC | Chemical Weapons Convention |
| DFAIT | Department of Foreign Affairs and International Trade |
| DND | Department of National Defence |
| eCRM | A non-proprietary electronic client relationship management system |
| EDC | Export Development Canada |
| ERI | Enhanced Representation Initiative |
| EU | European Union |
| FDI | Foreign direct investment |
| FIPA | Foreign Investment Protection and Promotion Agreement |
| FSDs | Foreign Service Directives |
| FTA | Free trade agreement |
| FTE | Full-time equivalent |
| FY | Fiscal year |
| G7 | Group of seven leading industrialized nations (Canada, France, Germany, Italy, Japan, United Kingdom, United States) |
| G8 | G7 plus Russia |
| GCS | Global Commerce Strategy |
| GPP | Global Partnership Program |
| GPSF | Global Peace and Security Fund |
| HIV/AIDS | Human immunodeficiency virus/acquired immunodeficiency syndrome |
| HOM | Head of Mission |
| IAEA | International Atomic Energy Agency |
| IBOC | International Business Opportunities Centre |
| ICC | International Criminal Court |
| ICT | Information and communications technologies |
| IFIs | International financial institutions |
| IM/IT | Information management/information technology |
| ISAF | International Security Assistance Force |
| ISO | International Organization for Standardization |
| IT | Information technology |
| MAF | Management Accountability Framework |
| MINUSTAH | UN Stabilization Mission in Haiti |
| MOU | Memorandum of understanding |
| MRRS | Management, Resources and Results Structure |
| NAFTA | North American Free Trade Agreement |
| NATO | North Atlantic Treaty Organization |
| NGO | Non-governmental organization |
| NORAD | North American Aerospace Defense Command |
| NRCan | Natural Resources Canada |
| OAS | Organization of American States |
| OECD | Organization for Economic Cooperation and Development |
| OSCE | Organization for Security and Cooperation in Europe |
| PAA | Program Activity Architecture |
| PCO | Privy Council Office |
| PDAC | Prospectors and Developers Association of Canada |
| PEMD-A | Program for Export Market Development for Trade Associations |
| PMO | Prime Minister's Office |
| PRT | Provincial Reconstruction Team (in Afghanistan) |
| PSEPC | Public Safety and Emergency Preparedness Canada |
| PSI | Proliferation Security Initiative |
| R2P | Responsibility to Protect |
| R&D | Research and development |
| RBAF | Risk-based Audit Framework |
| RCMP | Royal Canadian Mounted Police |
| RMAF | Results-based Management Accountability Framework |
| ROCA | Registration of Canadians Abroad |
| RPP | *Report on Plans and Priorities* |
| S&T | Science and technology |
| SAFTI | Secure and Facilitated International Travel Initiative |
| SLA | Softwood Lumber Agreement |
| SMEs | Small and medium-sized enterprises |
| SO | Strategic outcome |
| SPP | Security and Prosperity Partnership |
| START | Stabilization and Reconstruction Task Force |
| TBS | Treasury Board Secretariat |
| TCS | Trade Commissioner Service |
| TRIO | DFAIT's eCRM system—a tool to manage interactions with Canadian clients through the Virtual Trade Commissioner portal |
| UN | United Nations |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| USDIA | U.S. direct investment abroad |
| VTC | Virtual Trade Commissioner |
| WHTI | Western Hemisphere Travel Initiative |
| WMD | Weapons and materials of mass destruction |
| WTO | World Trade Organization |
| WUF | World Urban Forum |

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